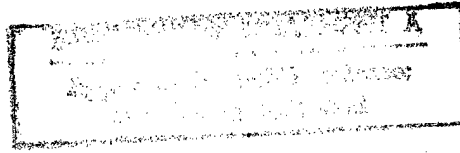


250527

JPRS 81281

14 JULY 1982



# Near East/North Africa Report

No. 2581

19980910 098

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

7  
100  
Aφ5

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

14 July 1982

## NEAR EAST/NORTH AFRICA REPORT

No. 2581

## CONTENTS

## INTERNATIONAL AFFAIRS

- Khalid al-Fahum Discusses W. Bank, Fatah-Syrian Relations  
(Khalid al-Fahum Interview; SAWT FALASTIN, May 82). 1

## INTER-ARAB AFFAIRS

- Soviet Manipulations of Damascus, Aden, Ethiopia Axis  
(Iam'a Shelbi; AL-WAHDAH, 15 Apr 82) ..... 5

## OPEC AFFAIRS

- Nature, Purpose of International Oil Exchange Discussed  
(AL-DUSTUR, 3 May 82) ..... 8

## EGYPT

- Leftist Organ Calls for Democracy, Independent Judiciary  
(AL-AHALI, 26 May 82)..... 12

Editorial Calls for Democracy  
Judiciary Independence Promoted, by Husayn 'Abd-al-  
Raziq

- Leftist Party Holds Political Conference  
(AL-AHALI, 19 May 82) ..... 17

- New Projects for Sinai Discussed  
(Various sources, various dates) ..... 20

Premier Visits North Sinai  
Sinai Gypsum Project  
Al-'Arish Sodium Complex, by Mahmud Ghunaym  
North Sinai Power Plant, by 'Abd-al-Wahhah 'Ads  
South Sinai Guidance, by 'Ali Mansi  
Party Meets With Bedouins

Kuwaiti Financial Expert Questions Domestic Investment Policy	
(AL-AKHBAR, 23, 25 May 82) .....	26

Expert Details Criticisms, by Munir Nasif  
 Redevelopment Chief Answers Kuwaiti, by  
 Hasaballah al-Kafrawi

## IRAN

National Defense Provisions of Budget Law Published	
(IRAN PRESS DIGEST, 25 May 82) .....	32
'Clandestine Radio' Discusses Purge of Government Employees	
(Free Voice of Iran, 27 Jun 82) .....	37
'Clandestine Radio' Ridicules Regime's Attempts in Lebanon	
(Radio Iran, 28 Jun 82) .....	39
'Clandestine' Reports Waste of Iranian Wealth	
(Free Voice of Iran, 29 Jun 82) .....	41
'Clandestine' on Joint Message of Rafsanjani-Khamene'i	
(Free Voice of Iran, 29 Jun 82) .....	42

### Briefs

Plunder of Antiques	43
Iran's Oil Policy	43
Iranian Volunteers for Syria	43
Executions of Opposition	44
Troops Expelled From Lebanon	44
Khuzestan Police Chief	44

## IRAQ

### Briefs

Saddam Husayn To Be Ousted	45
----------------------------	----

## ISRAEL

Defense Share of Budget Said Declining	
(Israel Tomer; YEDI'OT AHARONOT, 27 May 82) .....	46
Procedures for Emergency Callups Explained	
(Dan Raz Interview; BAMAHANE, 19 May 82) .....	48
Middle Easterners Enter Elite IDF Units	
(Yehoshu'a Bitzor; MA'ARIV, 13 May 82) .....	51
Briefs	
Interim Lavi Budget	53

## KUWAIT

- Kuwaiti Banks' Activities in 1981 Reported  
(AL-IQTISAD WA AL-A'MAL, Apr 82) ..... 54

## LEBANON

- Junblat on Elections, Recent Amal-National Movement Clashes  
(Walid Junblat Interview; AL-UFUQ, 21-27 Apr 82) ..... 69

- Al-Huss on What Sarkis Should Tell Reagan  
(Voice of Palestine, 30 Jun 82) ..... 73

- Mufti Meets French Envoy; Receives Fahd Cable  
(Beirut Domestic Service, 30 Jun 82) ..... 74

- IDF Distributes Passes, Searches Out Terrorists  
(Shim'on Weiss; DAVAR, 30 Jun 82) ..... 75

### Briefs

- Israelis Vaccinate Cattle ..... 76  
Shi'ites Recruited to Al-'Amal ..... 76  
Israel To Help Rebuild Tyre ..... 76

## MOROCCO

- Need for Improving Local Press Supported  
(Abdallah Adel; ALMAGHRIB, 1 Jun 82) ..... 77

## SAUDI ARABIA

- Highlights of New Budget Discussed  
(Usamah al-Alfi; AL-YAMAMAH, 28 Apr-4 May 82) ..... 80

- Al-Dammam Port: Services, Facilities  
(Hamad al-'Askar, Yahya Abu Raddas; AL-RIYADH, 25 May 82) ..... 85

## SYRIA

- PFLP Official Praises Syrian Forces, Policy  
(Damascus Domestic Service, 27 Jun 82) ..... 90

### Briefs

- Syrian Forces on Iraqi-Jordanian Border ..... 91

## TUNISIA

- Status of Domestic Opposition Examined  
(Tashid Krashana; AL-NAHAR AL-'ARABI WA AL-DUWALI,  
12-18 Apr 82) ..... 92

KHALID AL-FAHUM DISCUSSES W. BANK, FATAH-SYRIAN RELATIONS

Damascus SAWT FALASTIN in Arabic No 172, May 82 pp 8-10

[Interview with Khalid al-Fahum by SAWT FALASTIN; place and date not given]

[Text] Many challenges confront the Palestinian revolution, and the Syrian revolution as well. Much pressure is brought to bear, and proposals made, all in the name of "pragmatism, flexibility and moderation." But despite this, the Palestinian fighter holds on to his rifle and takes careful aim at the Zionist-American design. He provides the incentive for stones to turn into bullets and rifles in the occupied Palestinian homeland.

Our interview with Khalid al-Fahum centered on this subject. The text of the interview follows:

[Question] To start with, can you please give us your opinion on the ramifications of the uprising in the interior and its revolutionary impact in light of the current Arab situation?

[Answer] The current uprising is being undertaken by all of the occupied land's people, including those occupied in 1948 and 1967, as well as our brothers in the Golan. It seeks to assert the following:

First: Every person belonging to the Palestinian and Arab masses rejects in total the Camp David conspiracy and its corollaries, the civil administration, or civil rule. In reality, civil rule is merely occupation under a more appealing guise, an attempt to compromise the Palestinian issue. This was known from the beginning.

Second: The uprising affirms our people's resolve to resist all Judaization plans and attempts to enlarge the area under occupation by any means available. What we have seen and felt lately represents the determination of the masses and their leaders to reject the self-rule conspiracy and the Zionist occupation.

Third: The uprising serves to illustrate our people's resolve to carry on the struggle in every form, despite the Arab situation which, it was hoped, would take a more resolute and serious stand in defiance of the occupation but which instead is satisfied with only verbal support.

These events serve to confirm that Israeli expansion and Zionist arrogance are nothing but the result of a deplorable Arab situation. But I would like to point out in this respect that this poor Arab situation will not continue to exist indefinitely. Our people's uprising in the occupied lands and in the Golan will have an effect on stirring the Arab conscious to those who can assume responsibility. We hope that they will open their eyes to that which is threatening our nation with a dark future, as long as [Arab] divisions and internecine killing continues, and certain regimes continue to remain in the American imperialist camp.

[Question] There are some who call for Mubarak's return to the Arab fold now that the Sinai is returned. How do you view this post-evacuation phase (if we may term it a "phase")? What is really behind these calls?

[Answer] Since al-Sadat's death at the hands of the Egyptian Arab army for his treason to Egypt and the Arab nation, we have heard a lot of talk about Sadat's successor, Husni Mubarak. The Arab press, especially the Gulf press, have been talking about how Mubarak will pursue policies different from those of al-Sadat. Even some Arab officials have started talking about Husni Mubarak's about-face, in light of his refusal to visit Jerusalem and his statement before the foreign relations committee during his latest Washington visit, in which he stated that he will not negotiate anything in place of the Palestinian people, etc.

But if we follow the situation as it truly is we see:

First: Husni Mubarak, along with a number of Egyptian officials, have announced their commitment to the Camp David accords. They will adhere to what is in actuality a continuation of al-Sadat's policies, i.e., treason against the Arab nation, the Palestinian cause, the Palestinian people, and their sole legitimate representative, the PLO.

Second: The Egyptian regime has asserted that it will continue its dialogue and meetings with the enemy, and with the United States, in order to implement the self-rule administration in the West Bank and the Gaza Strip.

Third: The Egyptian regime has also affirmed its submission to Israel and the United States. And we viewed what has occurred recently with the utmost seriousness and apprehension. I am referring to the exchange of letters between Menachem Begin and Husni Mubarak. The exchange was planned and supervised by the United States.

Husni Mubarak's letter of reply was one of the guarantees demanded by Israel and insisted upon by Menachem Begin before evacuating [the Sinai]. In it, Mubarak stated his total commitment to Camp David, to the Sinai agreements, and to self-rule [for the Palestinians]. This letter was the document insisted upon by Israel as confirmation of the Egyptian President Husni Mubarak's submission to Israeli and American pressure.

[Question] Yet with all of this, there is still those who say that Egypt will return to the Arab fold. This is what Husni Mubarak himself is indicating through his new alliances with certain regimes in the area. Everyone is

waiting to see what will happen after the Israeli evacuation. How do you view Egypt's return to the Arabs?

[Answer] Naturally we all hope Egypt will return to the Arab ranks, because Egypt is very important to the Arab and Palestinian struggle. But I believe that Israel and the United States also realize this, and for that reason won't allow Husni Mubarak to bring Egypt back to its natural position of leader of the Arab nation and the Arab struggle. And I believe that the Egyptian Arab people realize this very well, and won't allow al-Sadat's treasonous policies to continue even if al-Sadat himself is gone. This is why we place great hope in the Egyptian Arab people and the Egyptian army to return Egypt to its natural position. It is Egypt's natural position in terms of strategic location and in terms of destiny. It is useless to talk about Egypt's absence from the Arab ranks in perpetuity. We are confident that our Arab people in Egypt will correct this situation. Egypt cannot remain mortgaged to Israel and the United States forever. The logic of history demands Egypt's release, and it will happen sooner than most people think.

[Question] We hear that the Palestine National Congress is going to convene soon to deal exclusively with our people's uprising in the interior. How true is this? What meaning shall we derive from this Congress' session?

[Answer] The uprising in the occupied lands was a heroic uprising in an otherwise gloomy Arab night. It was therefore the duty of every Arab and Palestinian to stand up in solidarity with our people in the occupied lands. It is our duty to extend every support for the escalation and continuation of the struggle. It is for this purpose that it was found necessary to convene the Palestine National Congress, the highest body in the PLO. It will take appropriate measures to support and escalate the uprising. It will aim at creating an Arab and international climate of solidarity with the uprising. It will affirm the unity of the Palestinian people in the occupied lands and in the Diaspora. This people has asserted, and continues to assert, that it will never accept an alternative to its sole legitimate representative, the PLO--at a time when Israel, the OSA, and Husni Mubarak's regime are doing their utmost to create what they call a moderate alternative. Our struggling people will foil all such designs, as is confirmed by their uprising in the occupied lands.

The Palestine National Congress will convene no later than the first week of May 1982. It will be an emergency session devoted exclusively to discussing developments in the occupied lands and to taking appropriate measures to escalate and support them at all levels, the Palestinian, Arab and international levels. I doubt whether the Congress will discuss any other matters in this exclusive session. It will invite only members of the National Congress to attend, and it will convene in Damascus.

[Question] Syrian-Palestinian discussions have recently ensued to arrive at a joint strategy with which to confront the challenges directed against the Palestinian issue and the Arab steadfastness represented by Syria. My question is, what is the position of this union on the Arab political map and



towards the imperialist-Zionist-reactionary attack on the entire Arab nation?

[Answer] The dialogue currently being held between the Arab sector of Syria and Fatah, the largest group in the Palestinian arena and in the PLO, is concerned with agreeing upon all matters in order to jointly confront this crucial Arab situation in the context of a joint Israeli-American bid for American hegemony over the Middle East and for the settlement of the Palestinian issue.

These discussions have made great strides towards agreement. Branch committees have been setup to work out the details on paper. By details I mean seminal programs for applying the agreements in every organizational, political, and informational sphere. I hope that the strategic treaties for struggle between Syria and Fatah will be signed so as to facilitate their proposal to the executive committee of the PLO and to all branches of the resistance movement. We hope that they will become the common denominator with which to combine and unite the common Palestinian-Syrian struggle, and which will evolve in the future to include the Lebanese National Movement's forces and all branches of the Arab national liberation movements wherever they may be.

We desire that all of these branches take more resolute and drastic positions in the face of efforts by Israel and the United States to make the entire region submit to their hegemony. It is a hegemony which uses illusionary pretexts of external danger to the region, such as the Soviet threat, or the Iranian threat, or the Afghan threat. These are all illusionary pretexts, as I said, with no basis in reality. I regret that these pretexts are meeting with responses from certain Arab officials.

9945

CSO: 4404/477

SOVIET MANIPULATIONS OF DAMASCUS, ADEN, ETHIOPIA AXIS

Cairo AL-WAHDAH in Arabic No 20, 15 Apr 82 pp 6-7

[Article by Lam'a Shelbi: "What Is Happening With the Triumvirate of Damascus, Aden, and Ethiopia?"]

[Text] The last few weeks were critical in that they witnessed intense activity on a trilateral axis: Damascus--Aden--Ethiopia. It was expected that Mr 'Abd al-Halim Khaddam, deputy prime minister and foreign minister of Syria, would travel to Aden and then to Ethiopia. But the trip was postponed....

Although this activity has been carried on through the regular channels for renewing and strengthening bilateral relations--it hasn't gone beyond the geographical confines of the countries in question--nevertheless these moves along the Damascus, Aden, Ethiopia axis raise questions about their significance and predictions about what they represent.

What first attracts attention is the approximate timing of this activity. A little careful consideration about what has been going on along this axis reveals that each move is completed right before another is about to take place.

This time the activity along the Damascus, Aden, Ethiopia axis took place just a few weeks before a momentous event that was scheduled to occur after the final Israeli withdrawal from the Sinai, namely, an Arab summit conference that will doubtlessly be the most significant of realities in the Arab world in the hope of bringing about a new and better future for the Arab world.

It has already been agreed that the conference's agenda will deal with the important initiative taken by His Majesty Crown Prince Fahd--heir to the Kingdom of Saudi Arabia--and which proposes a comprehensive plan for solving the Arab-Israeli conflict through legal, international channels. The Fahd plan has won the conviction of more than half the Arab states, and it represents the first serious Arab initiative for solving the conflict on a regional and international level.

From this perspective, the approximate timing of these critical movements along the Damascus, Aden, Ethiopia axis begs the question: What is going on behind closed doors?

## The Dimensions of the Triumvirate

A careful reading is required to appreciate the dimensions of the triumvirate axis, without getting bogged down in details. The most prominent dimension is the mutual connection between the three capitals. And by "connection" we mean "strategic connection": All three are tied militarily, economically and politically to the Soviet Union.

This is the only connection between the three capitals that we can find. If it were a spirit of nationalism that motivated these brotherly ties, it would surely dissipate over the Red Sea upon finding Ethiopia the third party.

From the Arab nationalist and religious standpoint, we find that the ruling powers in Ethiopia today are fighting nothing other than Arab nationalism in its war against the Arab presence at its borders (represented by Eritrea). Ethiopia is conducting the war with aid from the Soviet Union and Havana, Cuba, and hopes to crush forever the Arab Muslims of Eritrea. The war is approaching 20 years of continuous military conflict.

This means that the Syrian-Adeni cooperation with Ethiopia is aimed at eradicating the Arab Muslim presence in Eritrea. But that cannot be reconciled with the pure Arab nature of the Syrian and Yemeni people, who together comprise an important axis on the Arab and Islamic level.

Then the only connection remaining between the three countries is the bond that exists between each one of them and the Soviet Union.

This particular relation poses in turn certain questions:

It is quite acceptable that Syria should seek out a special relationship with one of the advanced superpowers; it has chosen to rely on the Soviet Union, on the premise that Syria is facing a strategic threat in the form of Israeli military aggression. This reliance on the Soviet Union constitutes a fundamental error in the Arab conflict with Israel.

It is also acceptable that this special relationship should seek out sources of arms and political leadership in the international arena--and that will remain the case until the time when the Arab countries start manufacturing their own arms with which to conduct war.

### Aden's Position

As far as Aden is concerned, it should be viewed in the context that it does not actually confront a real military threat, and that the government is struggling to build a modern nation a land that has been exhausted by long years of conflict worn down by oppression and deprivation.

In this sense, the special relationship between Aden and the Soviet Union is different in nature from that of Syria's relationship with the Soviet Union, in that the current regime in Aden is nothing but an agent puppet of the Soviet Union.

This is where the real danger lies for the rulers of Aden, and is indicated by the chain-like sequence by which Aden has been transformed into one of the Soviet Union's greatest bases outside of the USSR. And its competitor for this status is the third party to the axis, Ethiopia.

From a strategic perspective, Ethiopia and Aden constitute the most important gains on the map by the Soviet Union in the latter half of the century. They have provided the Soviet Union with a distinct strategic vantage-point over the entrance to the Red Sea. In turn, this vantage-point could allow the Soviets to control international commercial traffic between north and south, with priority for its own needs. And Arab oil is now within reach of the Soviet Union by virtue of its presence in Afghanistan and Aden.

### The Final Question

Our final question is: What is the connection between Ethiopia and Aden?

Here we must recall the historical human and economic relation between the Arab coast of the Red Sea and the African coast.

But no one would assert that the relation between the two regimes in Aden and Ethiopia today are merely an extension of a past relationship, at least on a military level, because both regimes have bloodied their hands with the murder of people who are the historical product of the past, the Eritreans. It is strange that the leadership of Aden should scream about the "military obligation" that led to its taking part in a war of liquidation of Arab cousins of Eritrea.

All of this can evoke only one acceptable answer to the question of the "special relationship" between Aden and Ethiopia--that they are nothing but pawns on the Soviets' chessboard.

We must point out here that the Soviet Union prefers at this stage to play out its move under the table in the hope of one day overturning the table itself.

The "table" is the Arab-Israeli conflict, and the "cards" represent the different Arab positions. It is expected that these positions will take on different aspects at the next Arab summit conference. The indications are that there will be a strong Arab push for embracing a peace initiative. But this does not agree with Soviet calculations, at least for the time being. Therefore, it is crucial for the Soviet Union to use its proxies and allies in the region to overturn the table. At the forefront for this objective will be the leaderships of the Damascus, Aden, Ethiopia axis.

The fourth chess-piece manipulated by the Soviet Union in its latest moves is Libya. Libya is the true ally of Ethiopia and Aden. It is manipulated by the Soviet Union for no other reason than to promote the interests of the latter. A major interest of the Soviets is the conflict between the Kingdom of Saudi Arabia and Libya. Saudi Arabia is the major Gulf nation with the most clout and is the country most prepared to play a dominant role in forthcoming Arab initiative.

9945

CSO: 4404/462

NATURE, PURPOSE OF INTERNATIONAL OIL EXCHANGE DISCUSSED

London AL-DUSTUR in Arabic No 232, 3 May 82 p 36-37

[Article: "One of the Persons in Charge of the International Oil Exchange in London Tells AL-DUSTUR: 'Our Objective Is to Protect Producers and Consumers From Fluctuations in Oil Prices!'" ]

[Text] If the prices of raw materials such as copper, iron, cocoa, cotton, and coffee beans are determined in the London exchanges which deal in minerals and products, then why cannot oil prices be determined in another exchange in London? The answer to this question is that OPEC undertakes the job of pricing oil. However, this answer does not please the oil companies, large-scale [oil] consumers, industrialists, and owners of capital in the Western nations. For them another solution is the establishment of an international oil exchange which attempts to gradually penetrate the market and pursue the procedures of setting prices, in the manner that this is done with the other commodities, in order to take on the responsibility of leading and controlling the [oil] market in case OPEC collapses. This proposal or hypothesis was transformed into a reality on 6 April 1981 when the International Oil Exchange in London began functioning.

Now that a whole year has already gone by since this exchange began functioning, those who are in charge of it are no longer concealing their future intentions. Right now the exchange is dealing only in the future prices of one petroleum derivative--gasoline upon delivery to the European ports of Rotterdam, Amsterdam, and Liverpool.

However, investors in the oil exchange--one of whom is the British Petroleum Company [BP]--are dreaming of the time when the exchange will also deal in current prices and in all petroleum derivatives in addition to crude oil itself.

In a private interview with AL-DUSTUR in London, one of the persons in charge of the oil exchange said that the structural changes which had occurred in the oil industry during the seventies and the political changes which had taken place have facilitated changing the system of pricing oil and its derivatives. The International Oil Exchange was established in order to meet the changing needs of the oil markets and is meant to be a means of helping all of the elements concerned with dealing in oil--producers, consumers, and middlemen--protect their interests against price fluctuations.

## Future Markets?

"Trading in the futures markets"--a term familiar to all of the other exchanges--means the possibility of dealing in, buying, and selling commodity delivery contracts--in this case, gasoline--at future prices and times agreed upon by the two parties. The purpose of this types of transaction is to reduce to the minimum the financial risks involved when doing business in this field. Gasoline suppliers who will be supplying enormous quantities of gasoline 2 months from now want to guarantee fair prices for themselves so that they will not be under pressure to either get rid of their commodity or keep it and suffer huge losses. Gasoline importers want to guarantee the supply of the quantities of gasoline which they need at the prices which they want to pay.

Most of the business conducted at the oil exchange takes place by means of mutual contractual agreements between parties stipulating deliveries of gasoline in the future. It is rare that a speculator or investor actually requests delivery of a shipment. Usually such a person sells his contract or exchanges it for another one as the delivery date approaches, and does so at a price which differs from the price at which he bought the contract. In general, the exchange is striving to do away with violent fluctuations of prices, both upward and downward, so that industries will be able to engage in planning for their industrial operations, their needs, and their fuel expenses in the future. On the other hand, those who deal in buying and selling contracts are striving to make a profit as is the case with any other investment in the exchanges dealing in minerals, commodities, or securities. In short, as the chief of public relations in the International Oil Exchange says, the exchange is nothing more than a tool of financial administration intended to provide several benefits and services to the field of trading in oil. They include the following:

1. The capability of being insured in the future against price fluctuations.
2. Administration of capital and guaranteeing the liquidity of the investment markets.
3. Protecting the fuel requirements of industrial installations in the Western nations.
4. Flexibility in scheduling and purchasing the commodities being sold.
5. A clear and long-term price system.

Moreover, the International Oil Exchange provides its member firms equal opportunity to participate in setting the prices which are announced immediately on electronic screens and which are transmitted all over the world by the news agencies. This exchange is utilized by businessmen who could be classified into three categories. The first category consists of those who are involved in producing, marketing, and consuming oil. For these individuals, the priority is to achieve the best possible guarantee of prices in the future. The second category of people is that of people who

represent the interests of the oil companies which either consume or sell shipments of gasoline. The people in this group are vitally interested in having given shipments to deal with without having to worry about the general price level in the market. The third category of individuals consists of the speculators who invest in the purchase and sale of contracts, and they are not interested in the commodity itself. These people provide the exchange with the necessary liquid assets and they are the ones who accept the risks involved (in return for a profit) which the first two above-mentioned categories of people do not wish to bother with.

The International Oil Exchange deals in gasoline shipments which total at least 100 tons and are priced in terms of dollars per ton upon delivery to the European ports.

All of this business is conducted by representatives of the member firms. There are 37 such companies on the floor of the exchange. When the investor wants to enter the field of speculating on gasoline prices in the future, all he has to do is to request his agent, who belongs to one of the member firms, to purchase or sell the quantity [of gasoline] which he wants within a certain price range and during the month agreed upon. The investor then accepts whatever profits or losses might occur in accordance with changes in the market prices. In case he suffers a loss, he pays to the company representing him the difference between the price agreed upon and the level which the price had gone down to in the market. The oil exchange guarantees all of its contracts through an international body which provides guarantees for all of London's exchanges.

#### Organization

The International Oil Exchange is organized along the lines of the other exchanges in the form of a limited liability company subject to the British companies law. The oil exchange grants full membership to companies which have voting rights. Honorary membership is granted to establishments and bodies which have no voting rights. The exchange is subordinate to an administrative board which consists of 12 board members. Eight of these board members are elected by the full members, and the other four are elected by the honorary members. There are specialized committees in the exchange which render reports to the board about matters concerning membership, financing, contracts, and public relations. The exchange has numerous employees who deal with matters concerning the conduct of business, research concerning setting prices, and the operation of electronic devices.

The International Agency for the Guarantee of Commodities, which is a branch of the Commodities Exchange, guarantees the contracts of the International Oil Exchange. This body began functioning in 1888 and serves most of the London exchanges which deal in the area of securities, minerals, and commodities. This agency records the transactions every day and obtains capital paid as advance payments for purchases. Also, it provides delivery services for purchasers who wish to implement the contracts--but such people constitute a minority of those involved in the business.

There are clear limits to the business engaged in by the International Oil Exchange, which provides its services in connection with much of the commerce --in terms of quantity and know-how--which goes on in the Rotterdam spot market. However, the speculation transactions concerning prices are clearly an important activity. As far as people dealing in oil are concerned, the Rotterdam and London prices are indicators of the market as well as of the levels of prevailing world prices. Since the International Oil Exchange in London predicts future prices, the speculation often becomes the basis for the future prices and [determines whether they] go up or down. The exchanges dealing in the other commodities--especially those dealing in raw materials and minerals--have succeeded in taking the pricing initiative away from the producers by means of dealing in contracts, having agreements made between purchasers concerning future prices, and then trading with these prices which have been agreed upon.

Crude oil is the only exception to this rule since this task is undertaken by the oil-producing member nations of OPEC. This has upset Western business circles which do not like to see any of the factors escape their control. There might be the general impression that the International Oil Exchange has no particular ambitions involving the setting of prices for other petroleum derivatives. But we can be sure that it has this in mind, because the oil companies--especially the British Petroleum Company--were behind the establishment of the oil exchange, because they currently support its activities, and because they participate in determining the board. There is a general view in the exchange that gasoline is only the first of the petroleum derivatives [to be dealt in by the oil exchange], and that some day the exchange will even deal in crude oil. The potential for dealing in these petroleum derivatives--in any volume--exists in London and is ready to be utilized when the time is ripe.

Independent experts in Britain's capital city say that OPEC still enjoys the capability of setting the prices for its products because it has succeeded in holding together and presenting a united front in the face of various challenges so far. OPEC has been aided in this by the fact that there is flexibility in oil supplies and shipments and by the fact that the oil-producing nations have the capability of either suddenly increasing or withholding these oil shipments (and this is not the case with most of the other commodities) until the market settles at a particular price level which the oil producers want. As long as OPEC maintains its unity it will be able to enjoy the prerogative of setting prices for its products for a long time. However, if OPEC's ranks are split, the alternative to OPEC is ready and, in fact, already exists.

9468

CSO: 4404/514



# LEFTIST ORGAN CALLS FOR DEMOCRACY, INDEPENDENT JUDICIARY

## Editorial Calls for Democracy

Cairo AL-AHALI in Arabic 26 May 82 p 1

[AL-AHALI is the weekly organ of the NPUG Party]

[Text] There is no country in the world, large or small, capitalist, socialist or third world, that does not rely on such oversight agencies as General Intelligence, State Security Investigation or agencies of surveillance over economic organizations.

When the former president ventured to eliminate administrative surveillance in 1980, the Grouping Party took a clear position against this decree. In its publications, it revealed the role played by the Administrative Surveillance Agency, which had unearthed many scandals and crimes that had been turned into cases before the office of the public prosecutor, the office of the administrative prosecutor and the judiciary and into investigations before the socialist public prosecutor.

Therefore we, and the citizens, greeted the restitution of the Administrative Surveillance Agency, especially after some aspects of corruption in the society had been revealed.

However, it seems that there is a tendency among some people to seek to have the surveillance agencies proliferate and spread and make their reports the basis for the adoption of decisions.

Last Saturday morning our sister paper AKHBAR AL-YAWM published the statement "The government has started to adopt the style of multiple surveillance agencies as a guarantee of thorough accumulation of information by gathering this from more than one source, and has not contented itself with a single information source. As a consequence, every agency will be independent in itself, with its sources, its information and its reports." AKHBAR AL-YAWM added "The proliferation of eyes will allow every eye to present what it sees fit."

If this approach really exists, it poses a new danger to democracy of decisionmaking, threatens the growth and malevolent spread of the role of agencies and the method of reports, and opens the door to the growth of a police state rather than striving to create a democratic state.

Adding to the danger is the fact these agencies in practice enjoy broad powers that exceed those of corresponding agencies in civilized countries and they are not subject to any parliamentary or popular oversight.

We want a greater confrontation of corruption, laxity and deviation, but we do not want more espionage, oversight and wiretapping agencies.

We want a democratic state, not a police state.

### Judiciary Independence Promoted

Cairo AL-AHALI in Arabic 26 May 82 p 5

[Article by Husayn 'Abd-al-Raziq]

[Text] One of the few issues that have become the object of general agreement among all political forces in Egypt is that of democracy and public freedoms. These are the sole proper approach to intellectual crisis that has gripped society, which reached its peak with the 3 September decrees and the 6 October assassination.

In recent months, numerous writers have laid emphasis on basic features of the issue of democracy, in particular the pressing need to eliminate the arsenal of legislation that has imposed restrictions on public freedoms, human rights, the attainment of true political party life, the phenomenon of the socialist prosecutor, the release of detainees and prisoners and the abrogation of the state of emergency.

In the midst of this insistence, a basic aspect has been missing which is of no less importance than the other aspects necessary to the attainment of democracy and basic freedoms for the Egyptian people. I mean the subject of "the independence of the judiciary."

To many people, raising the issue of the independence of the judiciary may seem to be a matter that is open to question.

People have an excuse for having this conviction. The judiciary's positions and verdicts in many political cases have been and still are a bright light in the history of the judiciary power. Suffice it for us to remember the 1980 verdict of the state security court chaired by Counsellor Hakim Munir Salib, chief of the court of appeals, acquitting all people charged with provoking the 18 and 19 January 1977 events and belonging to secret organizations and the circumstances in which this verdict was issued, as well as the verdict by the Council of State's administrative justice court chaired by Counsellor Sa'd Abu 'Awf, vice chairman of the Council of State, on the court's jurisdiction to review protests presented against the president's decrees of 3 September 1981, and the recent verdict suspending the execution of the detention decrees, releasing all the persons detained through the issuance of the 11 February decree, suspending the execution of the decrees transferring journalists and university professors (who remained in their professions), suspending the execution of the decree withdrawing the permits of the magazine AL-DA'WAH and AL-SHA'B, and so forth.

Nonetheless, perhaps because of the Egyptian judiciary's great role, the independence of the judiciary in Egypt has faced constant aggression in recent years from the executive power, or some people exercising it, which has made it relevant, indeed essential, to raise the issue of the independence of the judiciary as a basic feature of the essence of democracy and public freedoms.

## The Executive Power Intervenes

The first, basic aggression has been represented by what is known as the Higher Council for Judiciary Authorities, which was created by a decree of a law in 1969 to take the place of the Higher Judiciary Council, which was made up of judges alone and was concerned with their affairs to the exclusion of other bodies. The new council is headed by the minister of justice, who is a member of the executive power, and it includes, as members, the director of the office of the administrative prosecutor and the chairman of the department of government judges, both of whom head administrative bodies subordinate to the executive power -- neither of which performs the mission of ruling on disputes or enjoys judiciary independence and immunity, and consequently is not considered a judiciary body.

The presence and composition of the Higher Council for Judiciary Authorities raised a tremendous storm in the ranks of the Egyptian judiciary throughout the seventies. In December 1974, the general assembly of the court of cassation demanded the "restoration of the Higher Judiciary Council, with its name, composition and areas of competence, in order to reaffirm the independence of the judiciary power." It reaffirmed this demand a number of times, in May and September 1975 and in January, February, September and December 1976, laying emphasis on the fact that the independence of the judiciary power would be achieved only if it alone were left in command of its affairs, which required an immediate initiative to bring back the Higher Judiciary Council to engage in its areas of competence as before.

Numerous attempts were made to turn this essential demand for the independence of the judiciary into actual reality. A committee formed by the Ministry of Justice drew up a draft for this purpose, sending to the judiciary on 17 December 1975, and the former president, at his meeting with the board of directors of the Judiciary Club in 1978, was presented with the draft of a law amending the law on the Higher Council for Judiciary Authorities and the Law on the Judiciary Power. The president declared his agreement to the draft and ordered that it be submitted to the People's Assembly in the form in which the club had prepared it. The draft actually was presented to the People's Assembly, but former minister of justice Anwar Abu Sahli delayed the review of the draft in the Legislative Committee as soon as he was appointed, and withdrew it from the assembly in June 1979.

## Arbitrary Use of Power

The second aggression against the independence of the judiciary is represented by the Ministry of Justice's interference in the affairs of the judiciary and control of the selection of positions, the filling of vacant grades, loans and transfers in a manner which has prompted the judiciary to demand that "the ministry's hand be removed from control over their affairs."

The Ministry of Justice's interference extended to the blatant, overt attempt to influence elections to the Judiciary Club in 1980 and 1981: the former minister of justice had a well-known, open list which he promoted, seeking the aid of the ministry apparatus and the resources and powers in his control.

The third aggression against the independence of the judiciary is represented by a series of laws, some giving the president the absolute right to remove cases or

accused persons from the jurisdiction of the normal judiciary as he wishes and hand them over to the office of the military prosecutor and the military judiciary, whose system of justice is no longer part of the judiciary power and whose judges do not enjoy the immunities and guarantees stipulated for judges, while other laws, such as the Law Protecting Values from Impropiety and the State Security Court Law (105 for 1980), place people alien to the judiciary power in the Council of the Judiciary, and a third group of laws, like the Law on Suspicions (110 for 1980), remove the judiciary power in administrative bodies.

#### Immunity for the Office of the Public Prosecutor

The fourth aggression against the judiciary power lies in the subordination of members of the office of the public prosecutor, who are part of the judiciary power, to the Ministry of Justice, and the fact that they do not enjoy forms of judiciary immunity. Therefore, this phenomenon, which has affected a basic segment of the office of the public prosecutor, the agency of the state security prosecutor, is no longer a rarity. In recent years it has been pressed to provide a legal cover for many measures police agencies have carried out against opposition political forces, thus relinquishing its essential task, which is restricted to investigating the truth.

It was no coincidence that the seasonal waves of arrests of political forces which differ with government policies, which the office of state security investigation launched, were all carried out by "legal" permits from the office of the higher state security prosecutor as soon as the office of the state security investigator presented a list of the names of people it wanted to arrest and put in prison. These waves, directed against the political forces (outside the religious current) in the period from 1975 to November 1981, were 16 in number occurring in January 1975, March 1975, October 1976, January 1977, September 1977, May 1978, September 1978, January 1979, March 1979, August 1979, November 1979, January 1980, July 1980, September 1980, March 1981 and November 1981. The lack of seriousness or legality of these campaigns is revealed by the fact that the prosecutor's office brought the people accused by these announcements for trial before the judiciary only on three occasions.

The first was when the persons accused in January 1977 were brought forward (Cases 100 and 101), but were all found innocent; the second was in the case now being reviewed by the judiciary on the August 1979 campaign (Case 63); the third concerns the March 1981 campaign (Case 207) bearing on the same charge and the same persons as in Case 632 /sic/. On the other 13 occasions, the accused persons stayed in prison for weeks and months until the judiciary released them; the minutes of the investigation were left pending and have not yet been dealt with:

During these years, also, the office of the prosecutor gave the security agencies periodic permits, which were renewed monthly without real legal support, to monitor, conduct surveillance, take photographs, and make recordings in public and private places with respect to leaders of opposition political parties, writers, journalists and lawyers, in a manner in which the private lives of Egyptian citizens were violated and aggressions were committed against the most basic human rights and freedoms.

The political security agencies pushed the office of the public prosecutor into the arena of political struggle in blatant fashion when they fabricated the espionage case against Bulgaria during the People's Assembly elections of 1979.

The office of the public prosecutor has refrained from inspecting prisons which contain political persons, although the law compels it to make inspections at least once a month. In the recent September campaign, the deputy public prosecutor concerned did not go into the Turah area prisons, for instance, in which the detainees had been imprisoned for months, in spite of telegrams which were sent to the office of the public prosecutor recording obvious violations of the Prisons Bill, until after the death of the late Dr 'Abd-al-'Azim Abu-al-'Ata on 20 November 1981.

Thus, after all this, it is not strange that the issue of the independence of the judiciary should be raised as a basic part of the issue of democracy in Egypt.

There is no way to stop this aggression and achieve real independence for the judiciary in Egypt except by responding to the demands which the judges of Egypt are making regarding elimination of the Higher Council for Judiciary Authorities, assigning its areas of competence to the Higher Judiciary Council, which would be made up of purely judiciary personnel who are immune from dismissal; amending the Law on the Judiciary Authority to guarantee that judiciary immunity is extended to members of the office of the public prosecutor; prohibiting the appointment of members of the judiciary to political positions before 3 years elapse from their departure from judiciary work; prohibiting political appointments to the judiciary; controlling rules on transfers, appointments, loans, and the use of the expertise of retired persons; rectifying the question of pensions; and eliminating laws which enable people who are not judges to sit in the Council of the Judiciary.

At that point, we will have established a significant form of democratic immunity and human rights in Egypt.

11887

CSO: 4504/355

# LEFTIST PARTY HOLDS POLITICAL CONFERENCE

Cairo AL-AHALI in Arabic No 32, 19 May 82 p 8

/Article: "Political Life: Meetings of the Second Political Session of the Party's General Conference"/

/Text/ The general party conference held its second political session on 6 and 7 May 1982. Participating in the activities of the session were 303 people representing 21 governorates. Over a 2-day period they discussed the drafts of the two reports, a political one, titled "In Order to Save Egypt," and an organizational one, titled "Building the Mass Party."

When it first met, the conference elected a presiding board consisting of our colleagues Khalid Muhyi-al-Din, Lutfi Wakid, Yahya al-Jamal, Dr Rif'at al-Sa'id, Dr 'Ali Nuwayji, Aminah al-Naqqash and 'Abduh Tusun.

The convening of the conference's political session was preceded by the execution of a program which the secretariat general had planned in order to hold a number of conferences for political staffs, comprising most of the geographical sectors of the party in the period from 18 March to 22 April 1982. These conferences included leaders from the sectors of Greater Cairo, southern Upper Egypt, the east and central Delta, the west Delta and northern Upper Egypt. More than 600 leaders representing about 65 per cent of the total party leaders in the governorates, participated in the activities of the conference. Their discussions were focussed on three main subjects:

The need to drive parasites from their economic positions and centers.

Change in mass action requiring the unification of national forces and the creation of a national alliance.

The spread of democracy and the elimination of all exceptional laws.

In addition, the general approaches in the discussions which went on in the third political session stressed the points that:

As a result of al-Sadat's policies since 1971, the parasitical groups have managed to impose their influence on key positions in the Egyptian economy and agencies and institutions of power, which has led Egypt specifically to succumb to subordination to American imperialism. The result has been the intensification of the country's overall crisis, which has extended to all economic, social, democratic, national, and moral

areas, and the manifestations of this crisis have been reflected in the masses' positions on the regime's policies.

The Egyptian national movement gave warning early on the dangers of these policies and the extent of the flagrant harm they would do to the interests of the Egyptian people.

The issue of change has been an objective necessity that was set forth by our party and the national movement before 6 October 1981, although this issue has not yet been resolved, although the importance of the struggle to resolve it has grown several times over since the events of September and October 1981.

The discussions stressed that consummation of the process of change requires a proper understanding of the process. Change is not a matter of measures adopted, whatever their status might be; rather, it is an objective need that is made inevitable by the conditions of Egyptian society. At the same time it is a combative process that cannot take place apart from the Egyptian mass movement or without its effective participation in the struggle taking place over the dimensions of change which must occur, because the masses alone are the intellectual force for change and the parties with the prime interest in it.

The general trend of the discussion underlined the fact that President Mubarak has taken practical steps that should be considered positive signs which, if they are followed through, could help prepare the proper atmosphere for mobilizing the people to bring the country out of its crisis. However, one should observe that the president's positions have not met with permanent application on the part of officials, nor are they expressive of sectors of the various agencies of the government, nor have they yet been mobilized clearly in these agencies' positions or the positions of the media and the nationwide press, which in general ignore the positions of the opposition parties and the Grouping Party in particular. That is what the people carrying out the discussion consider to be a natural matter if the authorities are to usher in the beginnings of the struggle between the dominant parasitical elements and the elements of productive Egyptian capitalism - although in the last analysis the situation will depend on the movement of the national masses and their role in the coming stage.

The conference members stressed that the "national salvation program" draft set forth by our party for all national forces represents the picture of change which we are fighting for. We will not hesitate to support every effort that approximates that, whoever the persons making this effort might be. Although the program is not a socialist one, it is a program that sets out a specific mission, that of stopping the deterioration of Egypt's conditions in a manner which will bring about the interests of all productive national classes and forces, unifying their struggle against the parasitic groups with the objective of liquidating them.

The members also stressed the need to support and develop mutual combative relations with Arab progressive and national forces and measure up in practice to their positions in order to face up to the negative results of the application of the two Camp David agreements, the Egyptian-Israeli treaty and the liberation of Sinai and to combine and unify efforts to create appropriate solutions to the urgent problems of the masses, in particular the problems of peasants, young people and women, and the problems of workers and white collar employees related to increased prices, housing and transportation.

In addition, the conference members' discussions reached unanimity on the point that the political report, in its formulation, must be guided by the party's general political line, whose foundations are summarized in these main points:

The need to create a comprehensive democratic transformation which will guarantee the establishment of a democratic regime based on an unrestricted proliferation of parties and will protect and expand the citizens' freedoms and basic rights.

Restoration of Egypt's rights by ending all relations of subordination to the United States of America and commitment to a policy of nonalignment.

Opposition to the policy of a separate peace with Israel and all restrictions that have arisen from the Camp David agreement.

Assertion of Egypt's Arabhood and its responsibilities toward the Arab liberation struggle and support for the Palestinian revolution and the Palestinian people's right to self-determination and establishment of their independent state on their national soil under the leadership of the Palestine Liberation Organization, their sole legitimate representative.

Liquidation of parasitic capitalism, which means liquidation of the liberalization policy and all manifestations of corruption and deviation and a return to independent economic development policies.

In another area, the discussions that took place on the organizational report stressed that the party's organizational view must be carried out through specific tasks in the political, mass and organizational senses, and this must be attained by a mass party structure which will extend all throughout the society. It is true that an important step has been taken through the unremitting, constant struggle of thousands of members and leaders who have linked themselves to the issues and problems of the masses and have defended them in democratic cooperative and union organizations and local areas. Our party has paid a high price for this bond with the masses and for its defense of their interests. The discussions reached unanimity on the point that one essential step which we must take to support the construction of the mass party is to intensify the struggle to assert the party's legitimacy in confronting all policies that still are aimed at stifling it or breaking the bridges between it and the forces of the national movement.

In addition, our colleagues in detention sent a letter to the conference greeting all members of the conference with the hopes that the progress of the party that everyone aspires to will be realized through the plan of principles for which it has struggled and for which it has endured much.

11887

CSO: 4504/331



## NEW PROJECTS FOR SINAI DISCUSSED

## Premier Visits North Sinai

Cairo AL-AHRAM in Arabic 26 May 82 pp 1, 6

[Text] Dr Fu'ad Muhyi-al-Din, the prime minister, declared that it has been decided to establish 130 tourist villages in Sinai, that Yamit, which has been destroyed, will remain in its current condition so that visitors can see the destruction it has borne, and that the al-'Arish-Rafah coast will be used for tourist purposes in order to encourage domestic and foreign tourism.

At the People's Conference which was held yesterday in the town of al-'Arish the prime minister said that it had been decided to allocate 140 million pounds to the execution of urgent projects and that the ferromanganese plant, in which investments total 40 million pounds, would be put into operation at Abu Zanimah.

The prime minister asserted that individuals and leaders would be trained in local government techniques in order to take part in the redevelopment and construction of Sinai.

Dr Fu'ad Muhyi-al-Din reached the al-'Arish airport at 1000 hours in the morning, accompanied by the ministers of education, redevelopment, tourism, information and the interior. Greeting them at al-'Arish airport were Maj Gen Yusuf Sabri Abu Talib, the governor of North Sinai, political and executive leaders, the heads of tribes and people of Sinai.

At the start of his visit to the governorate on the occasion of its national day, the prime minister headed to the town of Rafah, where he laid the cornerstone for the al-Nasr mosque. Then he opened an improved semiautomated bakery with an output of 3,000 bread-discs per hour, a branch of the Bank of Egypt and the town council building.

In the town of al-Shaykh Zuwayd, the prime minister laid the cornerstone for 200 units of administrative housing, then went to the town of al-'Arish, where he set the cornerstone for al-Arish harbor, which will cost 16 million pounds and will be equipped to receive 70 vessels. In the first stage, a pier will be erected to accommodate ships of 5,000 deadweight tons.

The prime minister also opened a refrigerator with a capacity of 500 tons, an ice plant, a branch of the manufactured goods sales company, a social club in the al-Salem section, another semiautomated bakery, and a poultry production station and laid the

cornerstone for the sports stadium, which will cost a quarter of a million pounds. He then inaugurated the al-'Arish town council.

He reviewed the governorate's projects in this area, where a department complex, a building for festive occasions, a microwave project, and a building for the Finance Department have been erected. A television transmitting station was also inaugurated at full capacity and its transmission now covers the Sinai and West Bank areas.

Dr Fu'ad Muhyi-al-Din declared that it has been decided that studies in the Education Faculty at al-'Arish will start next academic year through the provision of the instructors necessary for various areas of specialization in governorate schools and that 140 million pounds have been allocated to carry out urgent projects in Sinai and a quarter of a million pounds have been allocated to the Women Teachers' Institute in al-'Arish.

The prime minister reviewed the Sinai development performance and project plan and the plan to link Sinai to the Nile Valley, declaring that the ferromanganese plant in Abu Zanima would be put into operation, that investments in that would come to 40 million pounds, that gypsum ore investments would come to 25 million pounds, that 29 million pounds would be devoted to erecting an integrated industrial complex and a salt project, and that 9 million would be allocated to bolstering the telecommunications system and road repairs.

In addition, 11,500 feddans have been reclaimed and another 28,000 feddans will be reclaimed next year. A study is underway on 1 million feddans, 300,000 of which have been apportioned.

The prime minister said that the project construction rates one can observe at the sites reaffirm that there have been massive, serious achievements which exceeds what people had envisaged.

Executive and popular leaders in the governorate attended the People's Conference. Maj Gen Yusuf Sabri Abu Talib presented an accounting of the governorate's accomplishments during the liberation period, foremost of which was in television transmission, whose costs had come to 6 million pounds. He demanded that the project to bring potable water to the other towns of the governorate be carried out quickly and that a start be made in putting the air route into operation between Cairo and al-'Arish.

Dr Muhyi-al-Din made a statement at the conference in which he praised the efforts that were being made to develop Sinai and link it to the Valley. He praised the citizens of Sinai, who had reaffirmed their ability to bear up in the face of occupation, and the Egyptian people's sacrifices for the sake of liberation.

The prime minister declared that to the end of linking Sinai up to the Valley, the Martyr Ahmad Hamdi tunnel had been built and there had been an expansion in the operation of ferries and causeways on the two banks of the canal and repairs and construction of new roads to link the towns of Sinai up to all Egypt's governorates.

In the area of land reclamation, the prime minister said that 11,500 feddans had been reclaimed and are being farmed and in addition another 28,000 feddans will be by the end of 1984, and studies on the reclamation of another million feddans.

In the area of electricity, a plan has been drawn up to bring electricity to coastal towns that have been liberated and to carry out a project to hook northern and southern Sinai up to the unified republic grid.

In the area of religious endowment, 23 private mosques have been incorporated into the ministry, all mosques that were damaged during the aggression have been repaired and enlarged, and two new mosques have been constructed.

In the field of health, he said that construction of a central hospital began this week in the governorate and construction of the Rafah mosque will be completed next year at a cost of 800,000 pounds, along with construction of mobile residential service units.

In the field of information, investments to bring television transmission to northern Sinai came to 6 million pounds.

#### Sinai Gypsum Project

Cairo AL-JUMHURIYAH in Arabic 22 May 82 pp 4, 6

/Text/ Work has started on the first stage of the project to produce gypsum from Ra's Mal'ab in southern Sinai. The special agreement on the project has been signed by the General Industrialization Authority, the Sinai Manganese Company and the American development authority.

Project costs will come to 25 million pounds, 18 million of which will be stage one costs, to which the American party will contribute 10 million pounds. It will be completed in 2 years and will start operating in March 1984.

Eng Husayn 'Abd-al-'Alim Abu Yusuf, chairman of the Sinai Manganese Company, stated that work on stage one of the project began after the feasibility study which the American consulting firm MacKearney did last August was completed and the worth of the project was established.

He stated that the value of the project's output will total 8 million pounds per year.

Eng Husayn 'Abd-al-'Alim added that there were more than 200 million tons of gypsum ore in the Ra's Mal'ab area that were fit for exploitation and that was among the best and purest types of gypsum in the world.

The project is aimed at producing and crushing 450,000 tons of gypsum ore and producing 300,000 tons of calcified gypsum for construction purposes. It will also produce "alpha" gypsum, which Egypt exports.

Eng Husayn 'Abd-al-'Alim said that completion of the project will provide job opportunities for about 400 workers and technicians and it will be the nucleus of an industrial and living community in southern Sinai.

### Al-'Arish Sodium Complex

Cairo AKHBAR AL-YAWM in Arabic 22 May 82 p 6

/Article by Mahmud Ghunaym/

/Text/ Twenty-nine million pounds have been allocated to construct an industrial sodium complex in al-'Arish. The plant will cover the country's need for table salt, producing a quarter of a million tons a year, meeting the deficit which scientific studies have established will reach 350,000 tons in 1984.

This was stated by Maj Gen Yusuf Sabri Abu Talib, governor of North Sinai. He said, "The faculties of agriculture in the republic's universities are conducting research and studies on establishing industries to produce honey since there are numerous flowers, plants and trees in the area which give different kinds with a high degree of quality through good strains of bees."

He added that work has started on the project to plant half a million seedlings of Indian fig trees from which fibers and certain medical materials such as cortisone are derived, as well as vegetable wax, which is distinguished by a high melting point.

### North Sinai Power Plant

Cairo AL-JUMHURIYAH in Arabic 23 May 82 p 7

/Article by 'Abd-al-Wahhab 'Ads/

/Text/ Next Tuesday the new 15-megawatt al-Masa'id electric plant will be opened in the Governorate of North Sinai.

This was stated by Eng Ahmad al-Ruwayni, chairman of the board of the Canal and Sinai Electricity Distribution /Company/.

He added that two new electric distribution panels had been set up in the al-Masa'id and al-Salam sections of al-'Arish and that the new plant, the distribution panels and the existing al-'Arish electric generating plant would be hooked up by overhead lines.

A new transformer station consisting of two transformers with a capacity of 2,500 kilovolt amperes each has been set up thereby making it possible to supply the electricity line from al-'Arish to Rafah with 20 kilovolts in order to provide electricity for al-Shaykh Zuwayd, Abu Tawilah, al-Masurah and Rafah.

The Canal and Sinai Electricity Distribution Company has hooked electricity up to the Palestinian part of Rafah by the electricity reaching the Egyptian part of Rafah from al-'Arish.

### South Sinai Guidance

Cairo AL-JUMHURIYAH in Arabic 23 May 82 p 7

/Article by 'Ali Mansi/

/Text/ The Ministry of Religious Endowments has allocated 107,000 pounds to support religious services in South Sinai Governorate.

This was stated by Muhammad al-Sayyid 'Abd-al-Rahman, director of religious endowments in the governorate, during the tour the governor Fu'ad Ghali made through the liberated areas, in which Shaykh Muhsin al-Sharbini, director of the Department of Koranic Affairs of the Ministry of Religious Endowments, took part.

He stated that 50,000 pounds of this amount have been allotted to the establishment of two new mosques, 45,000 pounds to the repair of existing mosques, 10,500 pounds to furnishing them with rugs, and 2,000 pounds in aid to poor families.

Three thousand six hundred pounds have been allotted in temporary bonuses for mosque workers, who are 48 in number, until the study of their condition is completed.

#### Party Meets with Bedouins

Cairo MAYU No 20, 24 May 82 p 9

Text The secretariat of the National Party in the Governorate of South Sinai has held a number of meetings on the popular and political levels with tribes in Sinai following the return of Egyptian sovereignty last 25 April.

Salam Madkhal Sulayman, the secretary general of the party, stated that the party had formed a committee to visit the liberated areas. These are the towns of Sharm al-Shaykh, Dhahab and Nuwaybi' and a number of other population centers. Agreement was reached with the governor of South Sinai to provide party headquarters at Sharm al-Shaykh in addition to other headquarters in the town of al-Tur.

The party leadership also held other mass meetings with the al-Muzayyinah and al-Qurabayn tribes in the town of Nuwaybi'. At these meetings, a review was made of the developments of political life in Egypt in the recent 15-year period during which these tribes were far removed from the mother Sinai during the Israeli occupation.

A conversation also took place with the paramount sheiks of the tribes and notable figures in order to become acquainted with their conditions and problems and to seek to resolve them with governorate officials.

The secretary general of the party prepared a report for presentation to the party secretariat general in Cairo to provide means for resolving these problems, and periodic meetings are to be held with the bedouin tribes.

'Ali Sayyid Da'ud, member of the Consultative Assembly from South Sinai and member of the party committee to solve the masses' problems, stated that he sensed a total awareness during the visit the committee made on the masses' part of the issues of the nation and their love of the exercise of freedom and political action, and he said that he had discussed with officials the need to have permanent facilities for crossing the Suez Canal, which will enable people to go across from west to east, and to have these facilities, the launches, continue to operate beyond midnight. He requested that necessary fishing permits be rapidly issued.

South Sinai Religious Institute

Cairo MAYU in Arabic No 70, 24 May 82 p 9

[Text] Studies are to be initiated for the first time this year in a religious institute in the town of al-Tur, capital of South Sinai.

This was stated by Fu'ad 'Aziz Ghali, governor of South Sinai, who added that studies in this institute would start next September.

In another area, the governor stated that a secondary school with a number of classrooms would be set up in Sharm al-Shaykh, and a preparatory and elementary school in Dhahab and Nuwaybi', and that houses and areas for housing engineers would be erected in the watercourses.

11887

CSO: 4504/328

## KUWAITI FINANCIAL EXPERT QUESTIONS DOMESTIC INVESTMENT POLICY

## Expert Details Criticisms

Cairo AL-AKHBAR in Arabic 23 May 82 p 3

Article by Munir Nasif

Text This is a blunt statement by a man who carries great weight in Arab investments. He is a major businessman in Kuwait and is one of those persons who encourage investment in Egypt. In this conversation he puts himself in the place of officials in Egypt, and presents his various realistic opinions on encouraging Arab investment in Egypt. The person who is talking is Ahmad 'Ali al-Du'ayj, former chairman of the board of the Real Estate Investment Consortium.

"I would like to put forward, openly, what I have been repeating, and the problems that in particular remain regarding investment in Egypt. This presentation comes from a person who is fond of Egypt and appreciates its strategic presence in the Arab nation. It has been said 'Your friend is the one who is true to you, not the one who believes you.' The reason for presenting these views openly, and not in the form of a special memorandum written as a letter sent by an intermediary, perhaps read but in most cases not, is that the writer had previously put forth a number of memoranda based on his special expertise on investment matters in Egypt, an expertise that started before the October War in 1973 and continued and still is continuing to this day; however, that approach did not produce any results; perhaps the free press will achieve what private means have failed to."

With this introduction, Ahmad 'Ali al-Du'ayj started his article, which he published in the newspaper AL-HADAF on 8 April 1982, titled "Problems of Investment in Egypt." The writer of the article is a well known person in the world of finance and investment. He held the position of president and appointed member of the Real Estate Investment Consortium for a period of 7 years, from 1974 to 1981, and before that he was a general director of the Kuwait Planning Council, after graduating from the Universities of Kiel and Oxford, where he studied political science and economics. He is now working for himself in the field of Arab investment.

## A Serious Desire

I went to meet him in his new office and introduced myself to him. He said, as he was greeting me, "Do you believe that the newspaper AL-AKHBAR will publish this statement?"

I said, "I cannot imagine otherwise. I stand before a man who writes and speaks truthfully and sincerely, aiming for what is good for Egypt and in the interests of Egypt. Everyone who has read your article on the problems which are standing in the way of Arab and foreign investment in Egypt agrees that you will speak only the truth. Then I realize, by reading statements by President Husni Mubarak and people in charge of investment in Egypt that there is a serious desire to eliminate everything that has had the result of 'driving into exile' the investor in Egypt!"

I said, "Let's go back to you and your article. You have been clear and objective while presenting the problems that you have come up against through your particular experience in Egypt. Come let's change places! What would you have done had you not been an investor, but rather someone in charge of investment in your second homeland, Egypt?"

Ahmad al-Du'ayj said, "First, I must specify where investment stands in the economic and social development priorities in Egypt. If we base ourselves on official statements and government declarations, we will find that investment stands at the top of the priorities. Therefore, proceeding from this premise, the government must devote major attention to investment. The investor truly senses this attention when he meets with senior officials in the political context and the people directly below them in the hierarchy of responsibility. Below that, however, this feeling does not exist. Rather, there is something else - the investor can only feel that the lower officials he is dealing with view him as if he was 'an enemy.' I do not claim that all investors are angels who do not commit mistakes; they are humans; there are good people among them and villains, and there are sincere people among them and people who give bribes. However, some investors are seized by the feeling, while they address themselves to government agencies, that they are the object of constant suspicion, and they are like accused persons who always bear the burden of proving their innocence, rather than the opposite. The investor can only ask himself if Egypt really needs the likes of him."

#### Spreading a Climate of Trust

Ahmad al-Du'ayj continued his statement: "Therefore, if I were in the position of responsibility I have referred to, the first thing I would do would be to be careful to nurture a climate of trust in which the investor would feel that he was welcome. That is a very important point, because it is this which determines whether an investor will stay or run away.

"Second, after that, as a person in charge of the investment agency in Egypt, it would not be absent from my mind that this agency, and the law under whose aegis the agency was established, were basically created to attract Arab and foreign capital to Egypt, when the legislators considered that existing laws did not fulfil the purpose. The reason for my reference to this point is my sense that with the passage of time officials in this agency have forgotten, or have pretended to forget, the basic reason why it was established. Naturally, if we set our gaze on the basic goal I referred to, our behavior as officials will demand that solutions be created to problems the investor might bring up, and that we intervene on his behalf with other government authorities and departments and facilitate his task in general. The feeling among many investors is the opposite."

I said, "In your article 'Problems of Investment in Egypt,' you call for the establishment of an investment authority by organizing a special conference to which Arab



businessmen will be invited, and this recommendation calls for attention. Why is there, conversely, no Arab authority to encourage Arab investment in Egypt?"

#### An Investors' Conference

Ahmad al-Du'ayj said, "I, as you must have noticed, did not address myself to the detailed matters investors face. I just contented myself with talking about the general framework of investment problems, since I do not believe that the reader is much interested in these sorts of details. Therefore, I believe that a conference in the form of discussion sessions would have resulted in revealing the Arab investors' opinion on this subject to the competent investment authorities in Egypt. Perhaps you note that I did not call for such a conference until the time figures proved that Arab businessmen were investing in Egypt and that their interests were linked to development activities in Egypt. Therefore, as you see, they would not set forth from a void. Rather, they would set forth with evidence in their possession proving the sincerity of their intentions. This evidence is the projects they have carried out. On the reference you made to the establishment of a special investment organization in Egypt in your question, that in my opinion is a difficult matter, since what is desired is investment in Arab countries in general. I believe that Egypt will attract the bulk of them, since it is the major market in terms of skilled labor and large consumption. After that, it is up to the authorities to facilitate the mission of the investor's capital by applying the terms of Law 43. I am not one of those who believe in or ask for special advantages for guest capital that domestic capital does not enjoy, although the latter has duties that by nature differ from what is demanded of guest capital. For example, in the field of the production of food and agriculture, I am against private or public Arab capital's demand to own farmland. That is a sensitive subject which one cannot deal with lightly, and private Arab capital must settle on the stipulations the government makes in Egypt or other Arab countries on a reasonable, acceptable period for renting land, so that ownership of land will always remain domestic."

I said, "For 10 years, more or less, Egypt has become known by means of this field, that is the investment field. What in your opinion are the best fields for bringing rapid benefits to Egypt and the investor?"

#### Rapid Gain Is Not the Goal

He said, "I am talking as a Kuwaiti investor. I say that rapid gain can be had and can be found here in Kuwait and the Arab Gulf area in general, through various forms of speculation and commercial and real estate activities, since the state alone has borne the costs of development up to this point. Therefore, when I, as a Kuwaiti investor, go to Egypt, I look for a reasonable medium-range gain or even long-range gain there. If in the course of that I can realize a rapid gain, of course I will not turn it down. However, that is not my basic goal. Proceeding from that premise, I believe that what will bring benefit to Egypt and the Arab investor in general is the effort to direct investment into agricultural, industrial and tourist development projects. In agriculture, Arab capital can play a big role in bringing in modern techniques, or what is known as modern technology - an expression I hate to use because of its foreignness! These modern techniques can help in land reclamation, in new crop production, in the development of new animal strains and also in livestock, poultry and other advanced agricultural methods which the advanced world is witnessing now.

"That is as far as agriculture goes. In industry, I can draw attention to the same subject of the transfer of modern techniques. It is now noted that the West has started to encourage the export of industries which time has made obsolete to our countries, and they have started to constitute an element polluting the environment. If we do not pay attention to this phenomenon we will find ourselves producing goods which the industrial West has ceased producing, because the people there, being developed in their lifestyles, no longer need them and have started using other modern means and products which will not be in use for a long time before they too are exported to us. Thus the vicious circle continues where the West always stays in front, we rush after trying to catch up to it, and, whenever we are on the verge of doing so, we find that it, that is the West, has outstripped us and gone beyond us by many stages. Therefore in my opinion Arab capital might help in the transfer of modern techniques to Arab countries, foremost among them Egypt, because of its intrinsic characteristics, thereby using its relations and investments in the advanced industrial world."

How, When and Where?

I said, "I consider that there is an aversion on the part of investors in general to invest their capital in agricultural fields. Figures confirm this. How can we return to the land, the future of mankind?"

Ahmad al-Du'ayj said, "I lay the blame for that on the Egyptian authorities. Arab investors do not know the legal status of investment in agriculture, where to invest, or what type of relationship is to exist between them and the people working the land, selling it and farming it, then, after that, their relationship to the distribution of the products of the land, sales, and so forth. These are all matters which are ambiguous in the minds of investors, who we therefore find refraining from agricultural investment because they do not know how, where or when to do it."

I said, "You have devoted an interest to tourist projects in some fraternal Arab countries which exceeds all the predictions that had been made for them. Why isn't Arab capital directed toward the north coasts of Egypt and the Red Sea, which are among the most beautiful coasts in the world?"

He said, "I believe that the issue of investment in tourist projects is a living example of the lack of planning. Let me begin with what is to be found in another Arab country, Tunisia for instance. There, the government identified investment regions along the coast. It subdivided the land, defined the uses for each parcel of land, then laid and brought in services and utilities, water, electricity, sewers, roads and harbors. After all that, it, that is, Tunisia, carried out the first project there, or let us say Project Number One. When investors saw the potential for success they proceeded to vie with one another to buy the remaining parcels set aside for tourist investment. If you visit the Sousse area in the north, you will see an integrated tourist area which has completely grown in 5 years or less. You must realize finally that private sector investments have made up the lion's share of that."

Investors' Bewilderment

He then said, "In Egypt, however, the splendid north coast area is suffering from a lack of clear development plans defining the uses of each area on the coast and it suffers from overlapping ownership there among the Ministry of Redevelopment, consumer

societies, cooperative societies and finally the tribes that laid claim to these lands. Therefore the investor does not know who to deal with. This is one point. As for the other point, we find that the investor is exposed to unreasonable pressure to choose specific engineering firms to help him design his project, then is asked to pay large sums in advance as a contribution to the planning in the area. That is really strange and unconventional. Therefore we are always afraid of two things, both bitter -- first, that the north coast will not be developed, and that the chaos will continue to prevail, and the second that it will develop but in an unrestrained manner, with no concern for the beauty of the development or preservation of the environment, and buildings will be erected there in a haphazard manner, where we will forget that one of the main reasons for attracting tourists is the presence of a beautiful, clean environment."

#### Redevelopment Chief Answers Kuwaiti

Cairo AL-AKHBAR in Arabic 25 May 82 p 5

/Article by Eng Hasaballah al-Kafrawi/

/Text/ AL-AKHBAR has received a response from Eng Hasaballah al-Kafrawi, minister of redevelopment, housing and land reclamation, on the contents of a conversation with Kuwaiti businessman Ahmad al-Du'ayj on the problems of investments in the north coast which was published in AL-AKHBAR Sunday morning, the day before yesterday. The reply lists the steps that have been taken and carried out to redevelop the north coast. Here is the text of the reply:

I read with great interest the journalistic report which the newspaper AL-AKHBAR published in its issue of Sunday 21 May 1982, Page Three, concerning a conversation with the businessman Mr Ahmad al-Du'ayj.

Perhaps the lack of adequate data at the gentleman's disposal on the northwest coast led to the formation of an inaccurate idea concerning the conditions on that coast.

There is regional planning and development planning in which the uses of each section of the coast are spelled out.

There is no overlapping ownership in the land in this coast, or as far as the eastern area, with which investors deal, is concerned. Ownership and supervision lie with the Ministry of Redevelopment alone, through its agency, the Executive Agency for the Development and Redevelopment of the Northwest Coast, whose addresses are:

187 'Abd-al-Salam 'Arif Street, Alexandria, telephone 966166 and 65498.

1 Isma'il Abazah Street, Cairo, telephone 985542.

As regards "unreasonable" pressures to which investors are exposed in choosing specific engineering offices to help them design their projects and the demand for advance payment of large sums as their contribution to the planning in the area:

The ministry's agencies to not intervene at all in the matter of choosing consulting firms or preferring any of those, directly or indirectly. I insist that I would like to be informed of any incident that affects any official in the ministry in this regard, if it occurs.

There currently are about 115 bodies dealing with the ministry's apparatus that will be establishing tourist projects in the first stage of the northwest coast (between Kilometers 34 and 100). A large number of these provide planning and design for their sites which were done by consulting firms the ministry had had nothing to do with selecting.

Development of the coast takes place on the basis of construction planning that is governed by firm planning and construction conditions related to the areas on which it is permitted to build, and the same holds true for the appropriate elevations and population densities in these kinds of locations and conditions on internal utilities, especially sanitary drainage guaranteeing that the environment is not polluted. Above and beyond this, the ministry reviews every project before granting permits to start construction, observing the aesthetic aspects of the work presented and overseeing execution of it, stage by stage, in order to guarantee that the design corresponds to the construction.

I will be happy to receive any requests from my brother Arab investors for tourist (or non-tourist) investment in the northwest coast or in any new construction complex.

I will also be happy and honored to receive any requests for information and help clarify the picture in order to increase the confidence of Arab investors in their fraternal country, Egypt.

11887

CSO: 4504/330

NATIONAL DEFENSE PROVISIONS OF BUDGET LAW PUBLISHED

Tehran IRAN PRESS DIGEST in English 25 May 82 pp 13-16

[Text] Note 64. (a): The expenditure of appropriations connected with strengthening the defence powers of IIR Armed Forces as well as the repayment of Ministry of National Defence's foreign loans shall be excluded from the applicability of Public Accounting Law and Government transactions policy and it will be subject to a policy to be recommended by the Ministry of National Defence within one month from ratification date of this act at the latest, to be approved by Ministry of Economic Affairs and Finance and ratified by Council of Ministers.

(b). The Ministry of National Defence is authorised to provide within its means that part of major defence items, essential equipment and facilities required by IIR Gendarmery, IIR Police Department, Guardsmen Corps of Islamic Revolution, Government Ministries and Institutes, Islamic Revolution Committees, Islamic Revolution Institutes and Municipalities who are not in a position to supply directly, within the appropriations approved in the said organisations budgets as follows:

1. The cost of such part of major defence items, facilities and equipment delivered to the said organisations out of Ministry of National Defence stock shall be paid to a special account opened for the purpose by the Treasury with the Central Bank of Iran by the Organisation concerned as per Ministry of National Defence's invoice drawn at the cost price (cost plus transportation charges, banking and insurance fees). The Ministry of National Defence is authorised to spend the funds paid to the said account observing the regulations of paragraph (a) of this Note on the purchase of major defence equipment and in compliance with Public Accounting Law regulations with respect to other supplies and equipment by the end of Esfand of the following year, and to return the excess funds to Treasury through the organisations concerned by the end of next year.

2. The Ministry of National Defence is authorised to purchase and deliver the major defence items and other equipment required by the organisations concerned using the funds paid for the approximate cost of supplies requested by such organisations out of their own approved budget appropriations paid to a special account opened with the Central Bank of Iran by the Treasury,

the required major defence items to be subject to the regulations of paragraph (a) of this Note, and other supplies and equipment subject to regulations of Public Accounting Law. The Ministry of National Defence may spend the funds paid to the said account for the purposes concerned until the end of Esfand of the following year and return the excess funds to the Treasury through the organisations concerned by the end of the next year.

3. The organisations covered by this Note shall charge the funds paid under Item (1) and (2) above to final expense account after receiving the invoices of the delivered items from the Ministry of National Defence upon the said invoices and delivery process verbal or the warehouse receipt concerned.

4. The operating procedures of paragraph (b) of this Note shall be recommended by the Ministry of National Defence, to be agreed by the Ministry of Economic Affairs and Finance and to be approved by the Council of Ministers.

(c) Effective the ratification date of operating procedures of this Note the legal bill on the validity of the Ministry of National Defence agreements ratified on 29.8.1358 by the Revolution Council, its operating procedures, Note (47) of 1359 Budget Act, and other contradictory regulations are cancelled.

Note 65: The Ministry of National Defence is authorised to pay the fees of divers and Naval floating and land pools personnel who are working beyond their duties to repair commercial vessels and oil pipes out of appropriations included in their approved budget as per a policy to be recommended by the said Ministry and to be approved by Council of Ministers.

Note 66: In order to avoid the unfavourable effects of old accounts in arrears in drawing the current accounts and in order to provide facilities in drawing the budget settlement bill of preceding years it is authorised that:

(1) The comptrollers of operating agencies subject to article (84) of Public Accounting Law ratified on 15.10.1349 may exceptionally draw the pending final accounts of the years 1353 till the end of fiscal year 1360 up to the end of 1362 at the latest as annual (one account for each year) if necessary and to forward such accounts to the Ministry of Economic Affairs and Finance upon being certified by the Accounting Tribunal's auditor.

(2) Operating agencies falling under Note (51) of 1352 Budget Act as amended by the 1353 Budget Act shall have to make arrangements to have their accounts for the years 1353 to 1360 be audited by the auditors appointed by the Ministry of Economic Affairs and Finance until the end of 1362 at the latest and to be submitted to the said Ministry along with auditors report upon verification by competent legal sources.

(3) The accounts of the year 1361 onward should be drawn upon the provisions of article (74) of Public Accounting Law and other rules and regulations concerned.

The Ministry of Economic Affairs and Finance is authorised in compliance with this paragraph to authorise the controllers concerned to carry forward the book balance of transferable accounts of preceding years up to the end of 1360 to the beginning of the fiscal year 1361 if necessary before making the accounts concerned.

(4) In order to eliminate all obstacles towards implementation of this Note and to avoid any new interruption in making the accounts and the Budget Liquidation Bill, a three member board comprising of the representatives of Islamic Consultative Assembly, Accounting Tribunal, and the Ministry of Economic Affairs and Finance shall be held fully authorised to remove protests, to decide about the protested and incomplete vouchers of the past years, records, books, valuable papers and balances which are burned or lost due to incidents arising from Islamic Revolution, the imposed war, and other unprecedented events, and to remove generally all kinds of other problems existing towards drawing the outstanding accounts and making the Budget Liquidation Bill of past years.

The resolutions of such board will be final and binding by a majority of votes, however the resolutions merely controlling the required facilities to draw the pending accounts shall not necessarily impede the legal prosecution of violaters.

(5) The procedures to make the accounts of the years 1357 to 1360 of Islamic Revolution Institutes organised after victory of Islamic Revolution as well as the auditing and including the said accounts in the Budget Liquidation Bill of the years concerned shall be also decided by the board mentioned in paragraph (4) of this Note.

(6) The operating procedures and the implementation timetable of this Note shall be drawn by the Ministry of Economic Affairs and Finance in consultation with the National Accounting Tribunal within three months from the ratification date of this act at the latest, shall be enforced upon approval by the council of ministers, and its report is to be submitted to the Islamic Consultative Assembly.

Note 67. (a): The membership of Iranian Government in international organisations and unions is authorised when recommended by the Government and approved by the Islamic Consultative Assembly.

(b) The applicable shares and membership fees shall be payable out of appropriations included in item concerned of the annual budget upon request to be made by the operating agency, to be recommended jointly by the Ministry of Foreign Affairs and Plan and Budget Organisation, and to be approved by the council of ministers.

(c) Note (26) of the year 1346 budget act, Note (27) of the supplement to the said year's budget act, and Note (45) of the 1339 budget act is hereby rescinded.

Note (68) As of 1st Mehr 1361 all payments on disability pensions, heirs pensions, stipends and fees paid partially or totally out of appropriations of government ministries and institutes and the balance out of Civil Retirement Fund appropriations by virtue of legal authorisations shall be paid totally out of the said Fund appropriations and no appropriations will be payable for this account out of the government ministries and institutes budgets as of the above date. The operating procedures of this Note shall be recommended by the Civil Administration and Employment Organisation, to be agreed by the Ministry of Economic Affairs and Finance, Plan and Budget Organisation and to be approved by the council of ministers.

Note 69. The government is authorised to secure and pay the Central Bank of Iran's claims arising from appropriations granted by the Central Bank of Iran till the end of 1360 which were guaranteed or committed by the Plan and Budget Organisation, out of the balance of 350 billion Rials interest free treasury bonds deposited with Central Bank of Iran subject of legal bill dated 13.9. 1358 of the Iranian Islamic Revolution Council, upon the said organisation's recommendation.

Note 70. It is authorised that the amount of eight million nine hundred fifty thousand two hundred eight (8,950,208) rials the balance of loan paid to Potable Water Company of Orumieh out of the past development plans appropriations be considered as an increase of government in the said company.

Note 71. The Ministry of Energy is authorised to charge to final expense account the amount of two hundred eighty six million one hundred sixty three thousand eight hundred twenty eight (286,163,828) rials offered on account to Iranian Atomic Energy Organisation out of the said Ministry's development plans appropriations and spent to purchase uranium during the year 1368 as per decree dated 31.2.1359 of the Revolution council, of Iranian Islamic Republic.

Note 72. Appropriations included in annual budget acts under "Unforeseen expenses" may be utilised as recommended by the Plan and Budget Organisation, to be approved by Council of Ministers, and its expenditure shall be subject to regulations of this act and other government general regulations. The council of ministers is authorised to authorise the operating agencies of special financial and transactional regulations to spend the appropriations assigned out of the said item as per the special regulations of the agency concerned.

Payment order of appropriations covered by this Note in the case of government ministries and institutes shall be made by authorised officials and requests for payment shall be issued by the controller of user agency. With regard to other operating agencies who lack controllers, the authority to issue payment orders and requests for funds shall be generally appointed by the council of ministers.

Article (5) of Public Accounting Law ratified Dey 15, 1349 will be cancelled as of the ratification date of this act.



Note 73. The legal bill ratified by the session dated 18.12.1358 of IIR Revolution Council on the exemption of customs duties is supplemented as follows:

All agencies using goods in accordance with the above legal bill and its subsequent amendments upon an authorisation issued by the Abandoned Goods Committee shall have to pay the customs duties subject of paragraph (c) Article (2) of the Customs Law as of the beginning of the year 1361.

(TO BE CONTINUED).

CSO: 4600/598

'CLANDESTINE RADIO' DISCUSSES PURGE OF GOVERNMENT EMPLOYEES

GF281335 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 27 Jun 82

[Unattributed commentary]

[Excerpts] The regime of the Islamic Republic of Khomeyni is not leaving the hardworking and oppressed government employees alone. It seems that the regime considers the government employees its sole enemy and is not powerful enough to deal with other groups. When it comes to taxes, it is the government employees who pay. They have to suffer inflation and shoulder the burden of high prices and shortages. The sword of Damocles, which is the purges or reconstruction as it is now known, is seen above the head of the government employees now. The bill for the reconstruction [of manpower], which was approved by the Khomeyni chosen mullahs in the ordered Majlis, is nothing but another tool to suffocate the voices of the government employees.

In the past, espionage societies--working under the name of the so-called Islamic societies--undertook the job of inquisition and espionage against the employees. We should remind you that the current Islamic societies of the Khomeyni regime are the same as those created following the capture of Tabriz by the czarist Russians in their attack against Azarbayjan. History proved that they were created by the Russian Government at the time to fight the freedom-fighters of Azarbayjan. The sessions of these societies were held in the Russian consulates in Tabriz. Students of history are aware of this. Our aim in talking about this is not to discuss Khomeyni's Russian-style Islamic societies. We leave this for another talk. Our aim is to discuss the implementation of reconstruction, or the purge bill, which is a weapon, a club, in the hands of the Khomeyni regime. Whenever there is any murmur of strikes or complaints by the government employees, the regime's officials immediately threaten them with the reconstruction bill. The head of the administrative affairs organization--it is not clear which group of the exported mullahs he belongs to--yesterday in an interview with the occupied Tehran Radio talked about his victories in the firing and [word indistinct] of the employees and the fact that so far around 250 commissions have been formed to look into the affairs of the government employees--meaning creating files and inquisitions--and have started their work in the reconstruction. According to him, 500 verdicts have been issued to date. The director of the administrative and employment organization of the mullah regime did not say whether the 500 were fired or whether their salaries, which they use to provide for their families, were stopped. He only said that the commissions have issued 500 verdicts.

Whenever an employee complains about his rights, whenever a worker attempts to obtain his rights by participating in strikes, whenever an employee supports freedom, then such an employee is considered a political offender by the regime of mullahs. We would have to add to the list the lack of acceptance of Khomeyni's Velayat-e Faqih, opposition to the mullah regime, non-adherence to the Islamic dress code, the voicing of opinions and constructive criticism of the organizations of the mullah regime and consider all these as political crimes.

The Tehran regime of mullahs formed purge committees in the first phase of firing government employees. Any employee who carried out his duties with truthfulness and honesty and would not succumb to humiliation was labeled a counterrevolutionary, a hypocrite, a nationalist and other such accusations invented by the regime of mullahs and was dismissed. Even the pension of the employee, which is a form of savings that the employee accumulated over 30 or 40 years of service, was severed. This group of employees whose only source of income was their monthly salary were left to their own devices and their families experienced financial hardship to the extent that most of these employees were faced with hunger, confusion and destitution and prayed for the soul of the "Imma of Umma, leader of the world's oppressed" and the most blood-sucking human in the world for his 100 percent Islamic action. Since the purge committees were unable to satisfy the thirst for vengeance of the mullahs against the government employees, they changed their names and have resorted to the reconstruction bill which, in truth, carries out the same duty as that of the purge committees. The reconstruction bill is used to threaten the government employees when the wave of complaints about pay and the cutting off of their benefits is on the rise around the country. In many offices, the employees are forced to start slowdowns and, in some cases, strikes. Since the regime of mullahs is unable to stop the silent strikes or their slowdowns and passive resistance against the inhuman acts of the regime, it has brought the weapon of the reconstruction law into the arena in order to crush the employees, thus reducing the wave of unrest by this hard-working class who suffers from the greatest pressures. However, the time for such words and threats has passed and if the government employees continue their silence against the dastardly actions of the regime of mullahs, this regime will gradually remove the majority of the government employees from their posts and they will no longer be able to do anything. The first duties of the government employee are to recognize the members of the so-called reconstruction committees, to strengthen the resistance cells in the offices and ministries, to reveal the criminal acts and thefts of the mullahs in the ministries and to dispatch their names to the commando revolutionary forces. Therefore, any employee who comes under the blade of the reconstruction committees will be able to retake his rights by dealing a blow against these secretive committees and stopping any further aggression by such officials, thus foiling their plots for sacking employees and cutting off their salaries and benefits.

CSO: 4640/375

'CLANDESTINE RADIO' RIDICULES REGIME'S ATTEMPTS IN LEBANON

GF281616 (Clandestine) Radio Iran in Persian to Iran 1330 GMT 28 Jun 82

[Unattributed commentary]

[Excerpts] The widespread propaganda uproar of the rulers of the Islamic Republic concerning the transfer of forces to the Lebanese front poses questions in the mind of each Iranian who is worried about his bloody and blight-stricken homeland. The first question is: Even assuming the truth of such propaganda claims, has Iran under the rule of the mullahs reached such a degree of comfort, peace and political, social and economic stability that it can spend a large portion of its forces and budget on an ideal which has no direct relation to the destiny of the Iranian people? The mullahs know better than anyone else that the truth is different. Events and every indication point to the fact that the Iranian people are suffering suffocation unparalleled in Iranian history and live under paralyzing economic (?conditions).

The propaganda uproar about the last developments in the Iran-Iraq war took the last excuse from the mullahs and their mercenaries and has made them realize that they are facing the immediate prospect of looking into the situation of the country and the people. They are forced to comply with the immediate needs of the people as soon as possible. However, since they know that they neither have the ability nor the qualifications to reconstruct or improve, they naturally use the excuse of the war in Lebanon in order to avoid facing realities and thus claim that they will be rushing to fight the usurping Israel. With such a roaring claim by the mullahs, the following question immediately comes to mind: With what strength? The strength of the youth and children who would be separated from the bosom of their mothers to go to a distant country and probably be killed? And for an ideal they do not even understand?

The truth is that so long as the Iranians are refugees in their own homeland and so long as their homeland is under the occupation of the internal enemy, they will not be prepared to fight for and die for another place. The time has come for the occupiers of Iran to confess to their true nature and tell the people that they are unable to govern the country. There are no more excuses to divert the attention of the people. Now is the time for the test. The people say: The Middle East crisis has, at least, no direct relation to the imprisoned Iranian nation, especially in the current situation, a nation

which does not even enjoy the most basic human rights. A nation which does not know where, how and under what conditions its children will be living must first think of itself.

The war in Lebanon is [word indistinct] and the main worry of the Arab world. This is at a time when we see that the countries which claim to support Palestine and the Palestinians, because of reasons that they themselves are well aware of, are not prepared to participate in the war except on a verbal level. Meanwhile, the Islamic Republic has become more Catholic than the pope and for the sake of creating a political propaganda uproar continues to scream and inform the world about the arrival--a lie--and the presence of the forces of the Islamic Republic in Lebanon. This while we read in the respectable press of the world that the so-called Islamic forces, which only consist of a few hundred mercenary Hezbollahis, are positioned in the luxury hotels of Damascus and enjoy themselves in the streets of this city daily.

CSO: 4640/375

IRAN

'CLANDESTINE' REPORTS WASTE OF IRANIAN WEALTH

GF292035 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 29 Jun 82

[Text] According to a report by the Free Voice of Iran correspondent, Mullah (Karubi), acting director of the Martyr Foundation of the Islamic Republic of Khomeyni, who has recently returned from Lebanon and Syria, declared that the Martyr Foundation has donated \$100,000 from the Iranian Treasury to the Amal terrorist organization. This amount has been put at the disposal of the Amal organization to aid the Lebanese refugees. This organization itself has been instrumental in the killing and massacre of many Palestinians and Lebanese in armed clashes. (Karubi) also said that more funds have been given to the Syrian warriors. By Syrian warriors he means the terrorist organization which supports the dictatorship Hafiz al-Azad. (Karubi) added that the Martyr Foundation has established an office in Damascus to extend its activities to Syria. Our commentator says that thousands of people in Iran have lost their lives either under torture, in street clashes or in the war with Iraq, and their families are left without any shelter or friends. Thousands of others have been put before the firing squads. Two million Iranians have become refugees in different parts of the country and are facing countless difficulties. Yet Mullah (Karubi) takes hundreds of thousands of dollars out of the Iranian Treasury and puts them at the disposal of the terrorist groups in the Middle East. Money gained through cheaper sales of Iranian oil and by auctioning Iranian historical and cultural relics is being used to benefit the Imam Umma and his other dictatorial friends in other Islamic countries.

CSO: 4640/375

IRAN

'CLANDESTINE' ON JOINT MESSAGE OF RAFSANJANI-KHAMENE'I

GF301850 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 29 Jun 82

[Text] According to our correspondent in Tehran, for the first time in the 3 1/2 year usurping rule of the mullahs, the mullah's president and Majlis speaker have issued a joint message. This message was issued yesterday on the occasion of the anniversary of the death of Beheshti and some others who were killed in a bomb explosion at the headquarters of the fascist Islamic Republican Party. Informed circles in Tehran considered the message an attempt to show solidarity of belief between Rafsanjani and Khamene'i. These sources believe the revelation of the disagreement between the mullah's president and the Majlis speaker has caused Khomeyni to reprimand both Rafsanjani and Khamene'i and make them publish this joint statement.

Meanwhile, the differences between the two influential disputing mullahs of the regime, who have opposite political orientations, continue and are insolvable. Mullah Khamene'i and Mullah Rafsanjani are in complete lack of agreement with each other on the appointment of a successor for Khomeyni, the continuation of the war with Iraq and other sensitive problems within the internal policy of the so-called Islamic regime.

Hashemi-Rafsanjani, who is accused of having had a hand in the plot to explode the headquarters of the Islamic Republic Party, made an effort to deny the accusation in yesterday's joint message. The mullah's Majlis speaker in his speech at the gathering of Hezbollahi youth and mercenary guards once again indicated that the Islamic revolution is not dependent on any one group or class or even on Khomeyni, and the people may choose another leader if necessary. Informed sources believe that Rafsanjani in uttering these words has warned his other political rivals that in the near future some important changes may occur in Iran which will not benefit them.

CSO: 4640/375

## BRIEFS

**PLUNDER OF ANTIQUES**--Our correspondent in Paris interviewed the UNESCO official in charge of the antiques and ancient monuments department in Paris yesterday concerning the antiques confiscated at the New York international airport. We remind you that confiscated goods include 200 pairs of (?shrine doors), 17 exquisite paintings, including one portrait of Samsamosaltaneh Bakhtiari by Kamal Ol-Molk, two cashmere pieces decorated with Bahraini pearls and a precious rug depicting His Holiness Moses and the pharaoh. They were confiscated by the customs officials at New York airport. The sender of the antique goods is Ebrahim Yazdi, the former foreign minister of the Islamic Republic, who is a U.S. citizen. The UNESCO official told our reporter that among the goods, only the portrait of Kamal Ol-Molk is registered in the special UNESCO file. The rest have fallen into the hands of the officials of the regime through confiscation of personal property. This important UNESCO official also added: the plunder of the Iranian cultural and art heritage during the past 3 and 1/2 years is unparalleled in history. The destruction of the Chinese artifacts in the period between the first and the second world wars seems petty compared to what the mullahs have done in Iran. [Text] [GF271645 (Clandestine) Radio Iran in Persian to Iran 1330 GMT 27 Jun 82]

**IRAN'S OIL POLICY**--After the disgrace brought on by Iran's sale of cheaper crude oil, which brought the so-called Islamic regime of Iran in confrontation with OPEC, the Khomeyni regime is now trying, with great publicity and propaganda, to convince OPEC that it has increased the price of Iranian oil. Agency reports received from Nicosia, the capital of Cyprus, indicate that the latest price of Iranian oil is still \$4 less than that of OPEC prices. Economic circles in Rotterdam have said that the Islamic regime by reducing the price of crude oil by \$1 per barrel apparently wants to recover the financial losses suffered in Iraqi-Iranian war. However, it seems that the regime has proposed the \$1 increase to reduce the opposition by oil exporting countries to Iranian oil policies. (?According to the latest) reports, the OPEC leaders are expected to meet again. However, the fact remains that the Khomeyni regime has been trying to avoid attacks by OPEC members by showing an increase in its price of oil by \$1. [Text] [GF281916 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 28 Jun 82]

**IRANIAN VOLUNTEERS FOR SYRIA**--According to our correspondent, the Revolution Guards Army of Iran has decided to send a group of volunteers to Syria. However the regime of Hafiz al-Asad informed the Khomeyni regime that it has no need for such volunteers. For the past few days the Revolution Guards and



other such organs of the Khomeyni regime have been issuing advisory statements. The people's lack of response to the call by the organs of the regime shows the lack of interest of the Iranian people in the adventurous undertakings of the reactionary fascist and so-called Islamic regime. According to the correspondent of the Free Voice of Iran, general opinion in Tehran is that the Khomeyni regime has no intention of helping the Palestinians. Its effort are directed at saving the Syrian regime from the possible dangers threatening it. We remind listeners that the dictatorial regime of Hafiz al-Asad in Syria has been facing the widespread opposition of the Syrian people for a long time. [Text] [GF281843 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 28 Jun 82]

EXECUTIONS OF OPPOSITION--According to reports received from Switzerland, the UN Agency on Human Rights will soon hold a meeting in Geneva to study violations of human rights in the Islamic Republic of Iran. Unconfirmed reports received from Tehran indicate that Mehdi Qoli 'Alvi-Moqaddam and 19 other persons were executed by a firing squad last Monday at Evin prison in Tehran. However, the IRANIAN NATIONAL NEWS AGENCY has said nothing regarding the incident so far. [Text] [GF291900 (Clandestine) Radio Iran in Persian to Iran 1500 GMT 29 Jun 82]

TROOPS EXPELLED FROM LEBANON--It has been reported from Al-Biqa' region of Lebanon that about 60 armed men of Khomeyni's regime were taken back to Damascus by a Syrian military bus. A Lebanese correspondent has reported from the city of Shtaurah situated on the Beirut-Damascus highway that these 60 guards arrived in the Lebanese territory by obtaining permission from the Syrian authorities to fight against the Israeli soldiers. But many complaints were received by the Syrian joint staff on the misbehavior of these guards. Therefore, Hafiz al-Asad instructed the Syrian authorities that these guards should be returned to Damascus immediately. [passage indistinct] The mercenaries of Khomeyni were disobeying superior orders and were unnecessarily endangering the lives of Syrian soldiers. Khomeyni's mercenaries were convinced that by shouting Allah-o-Akbar they will be able to succeed in defeating the Israeli aggressor army. [Text] [GF011214 (Clandestine) Voice of Iran in Persian 0330 GMT 30 Jun 82]

KHUZESTAN POLICE CHIEF--The chief of police of the Islamic Republic of Iran, Col Seyyed Ebrahim Hejazi, has approved the appointment of Col Daneshmand as chief of police of Khuzestan Province. [GF270723 Ahvaz Domestic Service in Persian 1-330 GMT 26 Jun 82]

CSO: 4640/375

## BRIEFS

SADDAM HUSAYN TO BE OUSTED--Jerusalem estimates that Iraqi President Saddam Husayn will soon be removed from power in Baghdad and that this is only a question of time. Officials in the Iraqi Foreign Ministry have indicated that he will either be ousted or beheaded because of his declaration that "The Iraqi Army is taking a unilateral step in withdrawing from the military front." The first signs that could point to the fact that his rule and status in the Arab world are beginning to be shaken could be seen in the refusal of many countries to participate in the nonaligned conference in Baghdad. The Arab countries--and in particular the wealthy ones whose financial support for Iraq reached \$50 billion--are highly disappointed with the military defeat of the Iraqi ruler. They will support his early demise and will help any other force that will take his place. [Text] [TA300910 Tel Aviv YOMAN HASHAVU'A in Hebrew 30 Jun 82 p 7]

CSO: 4400/346

DEFENSE SHARE OF BUDGET SAID DECLINING

Tel Aviv YEDI'OT AHARONOT in Hebrew 27 May 82 Economic Supplement p 5

[ Article by Israel Tomer: "You Pay 15,975 Shekels a Year for Defense"]

[Text] With the exception of Saudi Arabia, which does not know what to do with the money, per capita expenditures on defense in Israel are the highest in the world.

The problem is that even over the last 2 years, when talks about cutting defense spending prevailed, these expenditures continued to rise.

Last year each of us paid 15,957 shekels for defense, which is \$1,398 based on the mean exchange rate last year. Thus, a situation has been created whereby we spend today--in real terms--more than eight times as much on defense as we did 20 years ago. At that time, per capita expenditures were only 1,930 shekels (in 1981 shekel values) and this does not include all expenditures in the area of defense--such as building bomb shelters or losses incurred during reserve duty--but only direct government defense expenditures.

The Price of War

The defense burden continues to increase both in absolute and relative terms. From each shekel we earn in Israel--the GNP, which is the total of production and services in the economy--we part with 26.60 agurot for defense. Of this, around 15 agurot are earmarked for expenditures in Israel and approximately another 12 agurot are designated for subsidizing defense imports from abroad.

It thus becomes clear that the race to stockpile modern, sophisticated weapons is very expensive and we--through our economic activities--are finding it more and more difficult to control. In the first years after the establishment of the state--between 1950 and 1955--we spent 6 to 9 agurot out of every lira we earned on defense. The "Kadosh Operation" of 1956 caused defense expenditures to jump to 14 percent of the national product. In the sixties, when defense problems had quieted somewhat, we were able to decrease spending until only 8 percent of the national product sufficed. Then came the Six-Day War and expenditures rose to around 18 percent of the national product.

It should also be noted that a drastic jump in defense expenditures occurred in Israel following the Yom Kippur War. In 1973 defense spending reached a new peak. From every lira we earned then, 33 agurot went for defense. And

in last year's shekel values, we each carried a burden of 17,301 shekels--men, women and children--to support defense spending. Toward 1977, the year when Egyptian President Anwar al-Sadat made his historic visit to Jerusalem, the per capita burden declined to 12,450 shekels--around 24 percent of the GNP.

#### The Price of Peace

What's more, since the peace agreement with Egypt was signed, the defense burden has increased again, mainly due to IDF reorganization in the Negev, following the withdrawal from Sinai: 15,957 shekels per capita last year--26.6 percent. Israel is an exception in this regard, spending a considerable proportion of its national resources on defense even in times of peace. The comparative picture in the world is as follows: the United States spends 5.2 percent of its GNP on defense; the USSR spends around 12 percent. Western European countries spend a much smaller percentage: Great Britain (before its involvement in the Falklands) spent 4.9 percent of its GNP on defense; France, 3.9 percent; West Germany, 3.3 percent; and the "perennially neutral" Switzerland, only 1.5 percent.

Of course, Arab nations in this part of the world spend a larger percentage of their resources on armament. The leader in the arms race is Syria, which spends the highest proportion of its GNP on defense (22.1 percent of the annual product). Wealthy Saudi Arabia spends 15 percent for defense and Egypt spends around 11 percent.

With regard to the significant role which defense plays in our lives, the fact that every tenth person in Israel receives his salary from the defense establishment is an indication of its significance in the economic sector. More than once it has been said that Israel is an army which has a country.

9811

CSO: 4423/175

## PROCEDURES FOR EMERGENCY CALLUPS EXPLAINED

Tel Aviv BAMAHAANE in Hebrew 19 May 82 p 6

[Interview with Adjutant General Brigadier General Dan Raz by BAMAHAANE reporter Yitzhak Zakharia, date and place not specified]

[Text] The army's policy, which even in recent times demands the recruitment of reservists during emergency periods, makes the conditions of service harder for the regular army and forces the logistics corps people into frenzied actions in order to maintain continuous control over the forces, their size and location. This according to adjutant general Brigadier General Dan Raz in a special interview with BAMAHAANE on the occasion of Logistics Corps Day.

In the interview, Raz said that the installation of a computer system, as a means of registering and reporting, cut the time for reporting the location of a soldier from several weeks to 3 days. Parallel to the increased data bank in the computer, the means of guarding the data from use by unauthorized persons has also been improved.

[Question] The logistics corps is now aided by a computer to centralize a great deal of information about soldiers. What has been done to prevent information leaks to the outside?

[Answer] Numerous terminals have been installed in the IDF with direct hook-ups to a main computer, but there are technical limits on the protection of information in the computer. Every terminal has a designation by unit. The terminal cannot retrieve information or data beyond its area. A terminal in a given unit is not programmed to provide information on soldiers in another unit.

[Question] Over the last few years, the IDF has integrated women into many roles which were previously closed to them. Has this process also affected women in the logistics corps?

[Answer] A reduction in the regular army has imposed greater responsibility on all conscripted soldiers, especially women. Non-commissioned officers are replacing head clerks in the regular army. Conscripted women officers will continue to hold a significant portion of upper level positions in the service, including logistics jobs in rear units. All this has had a major

influence on the way N.C.O.'s are trained and has dictated the training of a larger number of officers. Once, a female officer would be sent to logistics school after 9 months of service. The choice of women for the corps was made from the total pool of professionals in the army, and not based on prior experience. Starting in the coming year, over 60 percent of the female officers in the corps will be women from within the corps itself. They will be eligible to be candidates for officer positions after completing basic training. They will go through a professional clerk course and fulfill clerical positions for a short time, to gain experience, and then they will go directly to basic officer's training and corps training in the logistics school. In this way, we will be able to exploit them more fully and get a "faster return" from female officers.

[Question] Last year we were told about a system for measuring the level of reporting. Are you satisfied with the system on the one hand and with the level of reporting on the other?

[Answer] When the system was established, we hoped to improve reporting. The level of training was increased and functionalism was improved. The quality of information and the level of reporting also improved. Am I satisfied? The statistics speak for themselves. In the past, the results of courses were reported after 3 weeks. Today the results are in within 4 days. In the past, it took 2 weeks for a soldier's medical profile to be filed following examination by the medical board. Today it takes 4 days. And the most important improvement is that in the past reports on the location of a soldier and his movement within a unit was a month behind the actual fact. Today, it is updated within 3 days. I am indeed satisfied, although there is still a lot of room for improvement and even more efficiency.

[Question] How does the current situation on the northern border affect the logistics corps?

[Answer] Just as it does any other branch. When forces have to be moved north--logistics cadres go north. When tension is high and people want things to return to normal, the same feelings prevail in the logistics corps. The great mobility of the IDF recently causes "headaches" for logistics people. They are on top of every movement of every soldiers from place to place. The more movement, the harder it is to keep track. Many emergency procedures, which have not been tested "under fire," are being tried out. There is no doubt that this is a good opportunity to check the efficiency of registration, reporting and manpower control under conditions similar to war.

[Question] What will the logistics corps focus on in the coming year?

[Answer] Beyond the fields we have already discussed, a plan is now being concretized to advance officers in the corps. Job descriptions will be changed, military training will be improved and basic courses will be established as prerequisites for certain job assignments and ranks. A modular academic program will go into effect in the next academic year, under which young officers from the corps will take short courses at institutions of higher learning with the possibility of completing their studies after they have served a given period of time.

On the role and function of city officers, we are today implementing a comprehensive program that will, we hope, lead to closer ties between the military and civilian sectors. According to this plan, a city officer will provide broader services in emergencies to the families of reserve soldiers, from babysitting for the infant left home alone when father is called in an emergency to regular financial aid and close communications between the reservist and his family. In all city offices there will be terminals to help families in the rear locate their relatives.

[Question] And finally, what can the soldiers in the logistics corps expect this year?

[Answer] On the festive occasion of the last Soldier's Day, the chief of the general staff asked us to remember that behind every number is a person. I think we accomplished that and in 1982 it will be our foremost, most important goal.

9811

CSO: 4423/175

MIDDLE EASTERNERS ENTER ELITE IDF UNITS

Tel Aviv MA'ARIV in Hebrew 13 May 82 p 2

[Article by Yehoshu'a Bitzor: "Percentage of Middle Easterners in Elite Units has Increased"]

[Text] The head of the IDF manpower division, General Moshe Nativ, said yesterday to members of the Knesset Foreign Relations and Defense Committee that the percentage of Middle Easterners and those from development towns in elite IDF and in his upper command is constantly rising.

General Nativ also reported to the committee that half the offspring of Israelis living in the United States who came to Gadna summer camps in Israel have returned to Israel and are now serving in the IDF.

MK Dror Zeigerman (Likud) suggested granting these offspring the rights of new immigrants when they return to Israel, to make things easier for them. General Nativ replied that the IDF has already granted them all the rights of new immigrants insofar as their army service, which does make their adjustment considerably smoother..

General Nativ further added, in response to a question, that the number of Yeshiva students who received exemptions from army service has already reached 12,000.

In his report he emphasized that the IDF soldiers involved in the evacuation of Yamit emerged from that confrontation reinforced from a spiritual standpoint. He said the soldiers were forced to grapple with a difficult problem on which there was no national consensus--but that they stood up to the test successfully and admirably, despite the fact that many had come straight from basic training and were literally faced with violence.

MK Victor Shem-Tov (Alignment) asked why the visit of several IDF units to Kibbutz Ruhama of the National Kibbutz Movement was cancelled, with the claim that the kibbutz does not keep kosher, when kosher food had been prepared for the soldiers. General Nativ responded that the sargeant for religious affairs who cancelled that visit was acting against orders. Thirteen IDF units will be hosted by kibbutzim in the coming months to familiarize them with kibbutz living.



The head of the manpower division added that when the soldiers visit kibbuzim which are not kosher, the IDF will take care of providing them with kosher food. From now on, soldiers will also be hosted in Me'a She'arim, to learn about the residents of that neighborhood.

9811

CSO: 4423/175

ISRAEL

BRIEFS

INTERIM LAVI BUDGET--The head of the Lavi project, airforce Brigadier General Amos Lapidot told BAMAHANE that "The cost of one Lavi plane will be \$10.5 million, even less expensive comparatively than the F-16 which today costs around \$16 million." Last week it was widely publicized that around \$1.25 billion, in 1982 prices, were invested in the development of the project. It was also publicized that between 13,000 and 15,000 people were employed in hundreds of factories connected with development of the plane. The development of the Lavi has progressed at a satisfactory rate. Project people say that various reports implying that there is no money to develop the Lavi are the result of speculation on the part of newspapermen and others. The case is not entirely closed, they say, but work continues as planned. As far as the ultimate source of budget for the Lavi, several alternatives exist and a final recommendation has not yet been made. It hinges on a decision of the minister of defense, Ari'el Sharon, as well as factors outside the Ministry of Defense and the State of Israel. Meanwhile, project funds are being provided based on an interim 6-month arrangement and the work pace is being gauged accordingly. [Text] [Tel Aviv BAMAHANE in Hebrew 12 May 82 p 4] 9811

CSP: 4423/175

KUWAITI BANKS' ACTIVITIES IN 1981 REPORTED

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 37, Apr 82 pp 26-31

[Article by AL-IQTISAD WA AL-A'MAL's correspondent in Kuwait: "Race between the Banks in Kuwait - The Position of Each of the Seven Banks in Kuwait, the Arab World, and Internationally"]

[Text] Continual Growth of the Kuwaiti Banks Has Surged to the Point Where they [All] Rank Among the World's Top 500 Banks and Among the Arab World's Top 100 Banks.

Kuwaiti Banks Have Increased Their Contribution Toward Joint International Loans.

The National Bank of Kuwait Has Reinforced Its Leading Position and Monopolized 26 Percent of the Market.

The Commercial Bank of Kuwait Kicked the Al-Ahli Bank of Kuwait Out of Third Place and Has Started to Fiercely Compete With the Gulf Bank for Second Place.

There Was Improvement in the Banks' Liquidity in 1981 and the Owners of Capital Converted [Their Capital] From Currencies into Real Estate and Stock.

Stated Profits Increased 44 Percent in 1981 As Compared With 18 Percent in 1980.

Kuwait Banks Rank Internationally As Follows: The National Bank Is in 252nd Place, the Gulf Bank Is in 285th Place, the Al-Ahli Bank Is in 320th Place, and the Commercial Bank Is in 326th Place. Kuwaiti Banks Rank as Follows in the Arab World: The National Bank Is in 7th Place, the Gulf Bank Is in 12th Place, the Al-Ahli Bank Is in 14th Place, and the Commercial Bank Is in 15th Place.

The seven commercial banks in Kuwait [The National Bank of Kuwait, Gulf Bank, Al-Ahli Bank of Kuwait, Commercial Bank of Kuwait, Bank of Kuwait and the Middle

East, Burgan Bank, and Bank of Bahrain and Kuwait<sup>7</sup> experienced high rates of growth in 1981. The combined budget of these banks increased 35 percent (totaling about \$6.7 billion) as compared with an increase of about 32 percent in 1980. Perhaps the most important events in 1981 were the increase in the banks' liquidity, the development of their credit activity, and parallel improvement in their private capital. One of the clearest indications of improvement in their liquidity was the great increase in demand deposits, especially during the latter months of the year. At the end of 1981, this increase amounted to about 122 percent. This increase inaugurated a development contrary to the trend which had prevailed during the first 7 or 8 months of the year. It started when the rise in the interest rate on the dollar created a flurry of investments in foreign currencies, and this was reflected by an increase in the proportion of near-money (time deposits, savings accounts, and deposits in foreign currencies) as well as a decrease in general liquidity in Kuwaiti banks. However, as the interest rate on the dollar decreased at the end of the third quarter, and as the dollar's exchange rate likewise decreased, there was less incentive to invest in foreign currencies. This was a result of the decreasing difference between the interest rates on construction as published and the other currencies, in addition to the increase in the risk of exchanging currencies. At the same time, depositors were increasingly inclined not to have the money in their deposits tied down, but rather to have their capital remain in liquid form. The purpose of this was to be able to finance capital transactions, especially in the stock exchanges. It is believed that the tendency to convert capital into dollars has been losing a great deal of its momentum since the latter part of the third quarter. At the same time, more and more Kuwaitis have been oriented toward benefiting from stock market activities and their inclination has gone beyond investing in shares in Kuwait itself and has extended to investing in shares in markets in foreign countries.

One phenomenon which indicates improvement in the liquidity of Kuwaiti banks was the decrease in the rate of increase of the banks' foreign liabilities down to 11 percent, in 1981, as compared with an increase of 40 percent in 1980. Furthermore, the percentage of total assets which constitute foreign assets has gone down to 29 percent (as compared with 33 percent in 1980). This demonstrates a decrease in the trend of converting capital into foreign currencies. On the other hand, the percentage of total assets constituting advances went up to 30 percent (as compared with 26 percent in 1980). Likewise, there was an increase of 80 percent in other assets (totalling about 1.573 billion Kuwaiti dinars) as compared with an increase of 40 percent in 1980. These other assets include investments in bonds, securities, affiliated companies, and fixed assets.

#### How the Banks Rank in the Kuwaiti Market

The data and results concerning the commercial banks in Kuwait demonstrate a sort of relative stability in the positions which these banks occupy within the market in Kuwait. Although there were changes, these changes were mostly very slight when seen in terms of the general scope of the market. It was not unlikely that changes would occur in the relative positions of the banks in the market, but they are changes likely to occur somewhat more in the long run. The

four principal banks (the National Bank, Gulf Bank, Commercial Bank, and Al-Ahli Bank) in 1981 consolidated their share of the market. These banks accounted for 81.2 percent of the total budget of the banks (minus the regular accounts) in comparison with 80.9 percent in 1980. This means that the three remaining banks (the Bank of Kuwait and the Middle East, Burgan Bank, and Bank of Bahrain and Kuwait) had 18.2 percent of the Kuwaiti market. On the basis of the data and results dealing with each bank, one may conclude the following:

The National Bank maintained its leading position in the market. In fact, it made significant progress. The market share of this bank alone increased from 24.3 percent in 1980 to 25.8 percent in 1981. If one takes into account total assets, including regular accounts, the National Bank achieved a remarkable increase. In this respect, its share of the market jumped from 25 percent to 26.8 percent, that is, 1.8 percent within the space of a single year.

On the other hand, increasing competition was noted between the Gulf Bank and the Commercial Bank for second place. Although the Gulf Bank retained second place, there was tangible erosion in its position. Its share of the market (minus regular accounts) decreased from 20.7 percent in 1980 to 19.8 percent in 1981. Furthermore, its share of the market when including accounts receivable decreased from 19.6 percent to 19.1 percent.

As for the Commercial Bank, in spite of the fact that its share of the market when including accounts receivable decreased from 19.6 percent to 19.1 percent, this bank did achieve significant progress in the area of total assets minus accounts receivable since its share of the market when seen from this perspective increased from 17.8 percent to 19 percent.

The fact is that the rapid progress achieved by the Commercial Bank may perhaps be the most important event which has taken place in the race which the Kuwaiti banks are engaging in with each other. First of all, in 1981 the Commercial Bank was able to pass up the Al-Ahli Bank and push it out of third place. In addition to this, the Commercial Bank was able to greatly narrow the gap between it and the Gulf Bank. The difference between the two banks went down to 59 million Kuwait dinars. If one takes into consideration accounts receivable, this difference becomes even less and totals only \$2 million. This means that anything is likely to happen and that nothing can guarantee that there will not be, at any time, a mutual change in the relative positions and roles of the two banks. This is particularly likely to happen if the Commercial Bank maintains its present rate of growth without the Gulf Bank being able to keep up with it or achieve a higher rate of growth once again.

The position of the Al-Ahli Bank eroded somewhat in 1981. This is evident from the fact that its market share decreased from 18.1 percent in 1980 to 16.6 percent in 1981, that is, a loss of 1.5 percent in one year. However, if we take into consideration regular accounts, the market share of the Al-Ahli Bank decreased from 18.3 percent to 17.5 percent, that is, a loss of only 0.8 percent. But in any case this is a considerable decrease.

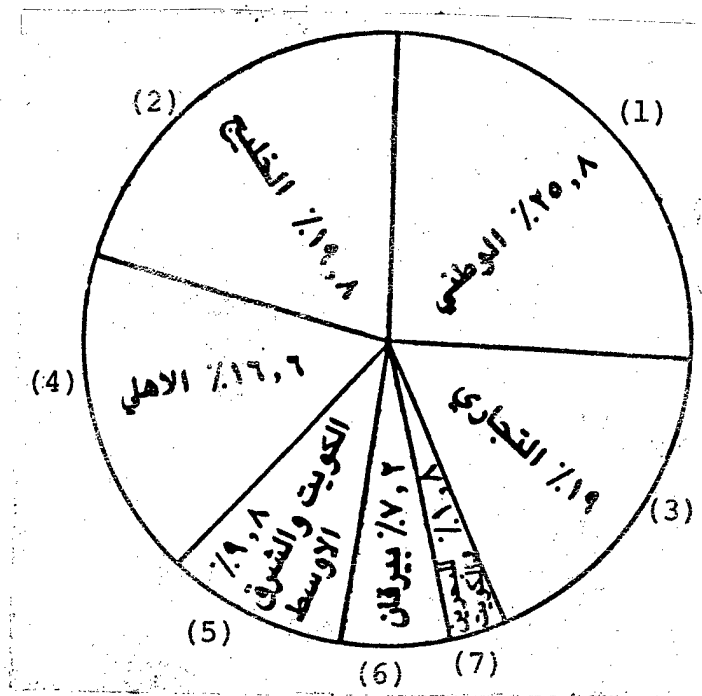


Diagram of Market Share  
of Kuwaiti Banks

Key:

1. National Bank - 25.8%
2. Gulf Bank - 19.8%
3. Commercial Bank - 19.0%
4. Al-Ahli Bank - 16.6%
5. Bank of Kuwait and Middle East - 9.8%
6. Burgan Bank - 7.2%
7. Bank of Bahrain and Kuwait - 1.8%

There was no change in the fifth and sixth positions. The Bank of Kuwait and the Middle East stayed in fifth place (with about 9.8 percent of the market share) and the Burgan Bank remained in sixth place (with about 7.2 percent of the market share). In the meantime, the market share of the Bank of Bahrain and Kuwait decreased from 2.1 percent in 1980 to 1.8 percent in 1981.

How Kuwaiti Banks Rank in the Arab World and Internationally

According to the latest rankings by the BANKER MAGAZINE which appeared in its June 1981 issue and which were based on total assets at the end of 1980 (minus regular accounts), five Kuwaiti banks were listed among the world's top 500 banks. The National Bank ranked highest among the Kuwaiti banks. It was in 252nd place as compared with 303rd place in 1979. The Gulf Bank was in 285th place as compared with 325th place in 1979. The Al-Ahli Bank was in 320th place as compared with 345th place in 1979. It was followed by the Commercial

Bank which was in 326th place in comparison with 366th as published place in 1979. The Bank of Kuwait and the Middle East occupied 478th place as compared with 493rd place in 1979. It is expected that the overall ranking of these banks will go up on the basis of the latest statistics concerning assets of the banking sector in Kuwait since these assets increased about 35 percent. This percentage of increase is far greater than the rates of growth experienced by banks throughout the world which, in fact, demonstrated a noticeable trend in the direction of a decrease in their growth rates.

#### Table of Rankings

The following table shows the Kuwaiti banks' international ranking and ranking in the Arab world on the basis of total assets at the end of 1979 and 1980:

	First 500 international banks		First 500 Arab banks	
	1979	1980	1979	1980
National Bank	303	252	11	7
Gulf Bank	325	285	12	12
Al-Ahli Bank	345	320	14	14
Commercial Bank	360	326	16	15
Bank of Kuwait and the Middle East	493	478	26	26
Burgan Bank			40	35

Among the top 100 Arab banks, the National Bank ranks in 7th place as compared with 11th place in 1979, the Gulf Bank kept its position of 12th place, the Al-Ahli Bank stayed in 14th place, the Commercial Bank occupied 15th place as compared with 16th place in 1979, and the Bank of Kuwait and the Middle East stayed in 26th place. Thus the National Bank showed considerable improvement in its ranking among the top 100 Arab banks, the Commercial Bank showed slight improvement, and the Burgan Bank jumped up five places from where it was in 1979.

#### Development of Kuwaiti Banks' Resources

##### A. Capital and Reserves

Total stockholders' equity (private capital) of all of the commercial banks, by the end of 1981, amounted to about 411 million Kuwaiti dinars, that is, there was an increase of 22 percent as compared with 1980. Several banks declared new increases in their capital by means of issuing bonus shares. In addition to this, some of the banks issued new shares to the shareholders having a value of 1 Kuwaiti dinar and linked to (stock) issue increases. Usually the value of the special stock issue is added to the capital, whereas the stock issue increases are added to the banks' reserves. It is expected during the current year that in spite of the profits which will be added, total deposits of the banking sector by the end of 1981 amounted to approximately 3.763 billion

Kuwaiti dinars. Private sector deposits account for the greater part of this figure (96 percent). Private sector deposits showed a great increase--an increase of 38 percent over 1980. Demand deposits showed an even greater increase (about 122 percent), totalling 932 million Kuwaiti dinars. The reasons for this have been dealt with above. Time deposits maintained their rate of growth, which was about 33 percent in 1980.

#### B. Foreign Liabilities and Other Liabilities

The banks increased their transactions of borrowing from abroad. Total foreign liabilities in 1981 were about 134 million Kuwaiti dinars, that is, they showed an increase of 11 percent. However, this increase was far less than the increase which took place in 1980, which was about 41 percent. This reflects an increase in the banks' liquidity and a decrease in their need for foreign loans, whether in the form of deposits in banks outside of Kuwait or as debenture bonds and certificates of deposit. On the other hand, there was a continual increase in other liabilities. They totalled about 54 percent as compared with 40 percent in 1980. This category usually includes the increase in the banks' resources, in Kuwaiti dinars, obtained from domestic sources by various means, especially inter-bank loans.

#### Development of Uses of Capital (Assets)

##### A. Overall Composition of Assets

The overall composition of assets, after allowing for liquidity requirements, consists of loans and advances, foreign assets, and other assets. In 1981 loans and discount transactions constituted approximately 46 percent of the total assets of the banks as compared with 47 percent in 1980. Foreign assets in 1981 constituted about 29 percent of the total assets (as compared with 33 percent in 1980). These assets consisted of assets in foreign banks (77 percent), loans and advances to non-residents (14 percent), and investments abroad in the form of stocks and bonds (9 percent). About 16 percent of the total assets were under the category of other assets. In 1981 loans and discount transactions increased 30 percent, as compared with 26 percent in 1980. A total of 28 percent of all of the advances were in the form of personal loans which were especially for the purpose of financing stock and real estate transactions. Commerce accounted for 27 percent of the loans. Loans to financial institutions and for other services accounted for 22 percent. The remaining loans were loans to the sector of contracting and industry and other sectors. This year the banks are restricted by a Central Bank circular which obligates them to have 55 percent of their loans be loans for specific purposes, and loans on the basis of overdrawn accounts may not exceed 45 percent of the total advances granted.

##### B. Distribution of Assets Among Banks

Table 3 shows that the National Bank and the Commercial Bank increased their loans and advances 38 percent and 39 percent, having devoted 45 percent and 47 percent of their resources to this activity. These two banks are immediately followed by the Bank of Kuwait and the Middle East, which showed a 32 percent



increase in this field, having devoted about 52 percent of its resources to this activity. The second most important use of capital was that of making deposits in other banks. In the case of some of the banks, there was a great increase in this activity (86 percent for the Bank of Kuwait and the Middle East, 76 percent for the Commercial Bank, and 45 percent for the National Bank). This type of use of assets used up about 40 percent of the banks' total resources. The remainder was used in other capital investment transactions such as those involving bonds, certificates of deposit, and investments in affiliated companies, contracting, and fixed assets. See Table 3.

## Percentages of Capital

### A. Liquidity in Commercial Banks

Statistics indicate that liquid assets in commercial banks in 1981 increased noticeably, and that the main reason for this was the increase in deposits in Kuwaiti dinars, which increased 49 percent in 1981, whereas advances to the private sector did not increase more than 30 percent.

The ratio of monetary reserves (Central Bank funds and bonds kept by the banks) to total deposits in Kuwaiti dinars decreased slightly, totalling 10.7 percent as compared with 11 percent in 1980.

### B. Percentages of Profit and Distribution of Shares

The four large banks distributed from 25 percent to 30 percent of their stated profits in the form of cash profits. In addition to this, some banks usually issue bonus shares whose total value ranges from 10 percent to 20 percent of the capital. They are indirectly financed by means of hidden reserves and are used as an indirect means of increasing a bank's capital. As for profitability, the average return on each share of stock varied between 300 fils in the case of the small banks to 400 fils and as much as 600 fils in the case of the largest bank. The National Bank was the bank which announced the highest percentage of profits per share for 1981. As for the ratio of profits to total assets (stated profits divided by total assets minus accounts receivable), it ranged from a minimum of 0.53 percent in the case of the Gulf Bank to a maximum of 0.82 percent in the case of the National Bank. These rates of profit could have approached 1 percent if the average volume of total assets had been taken into account rather than using the final share figure which is usually inflated as a part of the so-called "window-dressing" policy which banks resort to at the end of the year.

In addition to this, banks usually issue new shares to the shareholders at a nominal value of 1 Kuwaiti dinar per share linked to stock issue increases which range from 2 Kuwaiti dinars to 7 Kuwaiti dinars per share. Usually the [funds from the new] nominal price are added to the capital, whereas the [funds from the] stock issue increases are used to reinforce the bank's reserves.

### C. Rates of Solvency

Table 4 shows that all of the Kuwaiti banks are operating under circumstances of a high degree of solvency. Their total liabilities are no more than 19.7 times the shareholders' equity (private capital). Also, the ratio of shareholders' equity to total assets ranged from 4.9 percent (the National Bank) to 7.1 percent (the Bank of Kuwait and the Middle East). It was noted that this latter bank enjoys a high degree of solvency. Its liabilities were no more than 14.1 times the shareholders' equity, and the latter represents 7.1 percent of the bank's total assets. These statistics indicate that the bank possesses considerable capacity to expand even though this perhaps also indicates a more cautious policy on its part, perhaps by virtue of the fact that the government controls more than 50 percent of this bank's shares.

It should be pointed out that the rates of solvency mentioned above are subject to basic changes, especially in the case of the banks which have declared an increase in their capital. It is expected that this increase in capital will be furnished by the shareholders during the current year in the form of installments paid in in return for receiving new shares, and it is also expected to be financed by stock issue increases.

#### Summary

1. 1981 was a good year for commercial banks in Kuwait since their total assets increased 35 percent in comparison with 32 percent in 1980.

Stated profits totalled about 50.7 million Kuwaiti dinars in 1981, that is, there was a 44 percent increase (as compared with 18 percent in 1980).

2. The fact should be taken into account that it is very unlikely that new banks will be licensed in Kuwait. The seven commercial banks will be having increasing capability to respond to the needs of the local market. In this regard, we should also mention that each bank's share of the market remained relatively stable. The National Bank maintained its leading position (26 percent). Competition between the Gulf Bank and the Commercial Bank intensified for second place (19 percent versus 20 percent). The Al-Ahli Bank ended up in fourth place (17 percent). The Bank of Kuwait and the Middle East maintained its own position, having obtained about 10 percent of the local market share.

3. It is noted that the financial resources of the banks have increased annually in order to keep pace with the growth of the Kuwaiti economy and for the purpose of meeting the growing needs of the clients of the commercial banks who have come to possess a greater degree of maturity, whether these clients are individuals or companies. The result of this has been an increase of 22 percent in 1981 of the commercial banks' private capital (shareholders' equity). As for the current year, so far this increase is approaching 30 percent if we take into consideration what the banks so far have announced with regard to bonus shares which will be distributed or new stockholders' shares linked to stock issue increases. In fact, the final annual increase will be much larger after the addition of the reserves deducted from stated profits.

4. Traditionally the composition of the banking apparatus's deposits is affected by levels of liquid assets and interest rates. When local interest rates, relatively speaking, lag behind the interest rates on Euro-dollars and when, as a result, the gap between the two increases, Kuwaiti banks experience an increase in foreign currency deposits at the expense of demand deposits and savings accounts. In this regard, 1981 was a relatively quiet year--as a result of the abundance of liquid assets. The differences in the interest rates were not so large as to encourage the exit of capital [from Kuwait]. In fact, the opposite was true. There was an increase in the entry of capital [into Kuwait] since depositors preferred to keep their accounts in Kuwaiti dinars or in the form of demand deposits due to the fact that they were awaiting better local and investment circumstances.

5. The composition of banks' assets was as follows: 46 percent was loans and discount transactions, 29 percent was foreign assets, and 25 percent was reserves and other assets. With the increase in loans and investment opportunities, the banks increased their activity in the local market, thereby lessening the need to obtain capital from abroad or to deposit their capital abroad.

6. After meeting the needs of their local clients by means of a broad network of branch banks, some banks began a trend toward increasing their transactions in the international markets. Although, at first, this took on the form of depositing capital and purchasing various types of investment assets, Kuwaiti banks came to concentrate more on participating in joint international loans and in subscribing to debt issues. In addition to this, some of the banks beefed up their material presence abroad by means of opening up representation offices or agencies in the large financial markets and forming numerous types of investment consultation and services firms in order to serve their clients abroad.

Table 1. How Kuwaiti Banks Rank in Terms of Market Share

Rank	Bank	Total assets/ liabilities (in millions of dinars)	Accounts receivable	Percentage of Market share			
				Total including accounts receivable	Minus accounts receivable 1981 1980	Including accounts receivable 1981 1980	
1	National Bank	1,953	611	2,564	25.8 24.3	26.8 25.0	
2	Gulf Bank	1,503	326	1,829	19.8 20.7	19.1 19.6	
3	Commercial Bank	1,444	383	1,827	19.0 17.8	19.1 19.6	
4	Al-Ahli Bank	1,264	415	1,679	16.6 18.1	17.5 18.4	
5	Bank of Kuwait and the Middle East	745	161	906	9.8 9.8	9.5 9.2	
6	Burgan Bank	551	55	606	7.2 7.2	6.3 6.5	
7	Bank of Bahrain and Kuwait	134	27	166	1.8 2.1	1.7 1.8	
	Total	7,599	1,978	9,577	100.0 100.0	100.0 100.0	

Table 2. Changes in Shareholders' Equity (Capital and Reserves) in Kuwaiti Banks

Share- holders' equity	Shareholders' equity End of 1981		Shareholders' equity 1982		Percentage of increase in shareholders' equity			
	Capital	Reserves Total	Capital	Reserves Total				
1980	Capital	Reserves	Total	Capital	Reserves	Total	1981	1982
81	26.9	69.4	96.3	34.9	88.3	123.2	28.5	27.9
70	17.5	60.5	68.0	25.5	92.0	117.5	11.4	50.6
61	24.5	60.1	84.6	29.4	60.1	89.5	39.4	5.9
59	16.5	48.0	64.5	23.9	68.6	92.5	10.2	43.4
Bank of Kuwait and the Middle East	31	14.6	38.3	52.9	16.8	38.3	55.1	4.2
Burgan Bank	27	13.9	14.1	28.0	20.9	26.7	47.6	3.7
Bank of Bahrain and Kuwait <sup>1</sup>	8	6.0	3.0	9.0	6.0	4.0	10.0	25.0
337	122.9	294.4	411.0	157.4	378.0	535.4	22.0	30.3
Total								

<sup>1</sup> Estimated shareholders' equity in Bank of Bahrain and Kuwait

<sup>2</sup> The increase in the position of the shareholders' equity will take place during the course of the year since the actual value of [stock] issues and increases will be paid in the form of installments. Furthermore, the 1982 figures shown above do not include reserves financed by earnings which will be transferred at the end of 1982.



Table 4. Liquid Assets in Commercial Banks

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Reserves (monetary reserves in Central Bank)	143	222	322
Claims against private sector	2,119	2,671	3,459
Private sector deposits in Kuwaiti dinars	1,718	2,018	3,003
Ratio of reserves to deposits in Kuwaiti dinars	8.3	11.0	10.7

Table 5. Kuwaiti Banks' Rates of Profit

	National Bank	Gulf Bank	Commercial Bank	Al-Ahli Bank	Bank of Kuwait and Middle East	Burgan Bank
Stated profits per share (KD)	0.596	0.452	0.474	0.414	0.310	0.278
Distributed profits (KD)	0.180	0.125	0.150	0.100	0.100	
Shareholders' equity per share (KD)	3.586	4.459	3.452	3.908	3.630	2.006
Ratio of stated profits to:						
Total assets including accounts receivable	0.62%	0.43%	0.41%	0.50%	0.63%	
Total assets minus accounts receivable	0.82%	0.53%	0.80%	0.54%	0.60%	0.70%
Shareholders' equity	16.6%	10.1%	13.7%	10.6%	8.5%	13.8%
Ratio of distributed profits to stated profits	30.2%	27.6%	31.6%	24.2%	32.2%	72.0%



Table 6. Rate of Solvency of Each Bank

	National Bank	Gulf Bank	Commercial Bank	Al-Ahli Bank	Bank of Kuwait and Middle East	Burgan Bank
Ratio of shareholders' equity to:						
Loans and discounts	10.9%	11.1%	11.3%	13.3%	13.7%	9.2%
Total assets	4.9%	5.2%	5.9%	5.1%	7.1%	5.1%
Total liabilities	5.2%	5.5%	6.3%	5.4%	6.7%	5.4%
Total liabilities divided by the following figure equals shareholders' equity:	19.3	18.3	16.1	18.6	14.1	19.7

9468

CSO: 4404/441

JUNBLAT ON ELECTIONS, RECENT AMAL-NATIONAL MOVEMENT CLASHES

Amman AL-UfUQ in Arabic No 4, 21-27 Apr 82 pp 40-41

[Interview with Walid Junblat by AL-UfUQ; date and place not specified]

[Excerpts] [Question] There is much talk in some political circles about extending the term of the present government. What is your opinion?

[Answer] If there is an extension, it will signal an extension of the crisis, no more and no less.

The individuals who assume the presidency of the republic will not change anything in the course of affairs. They may be able to modify current policy and procedures or correct them on the basis of absolute neutrality toward Bashir al-Jumayyil like the present government.

[Question] Do you believe the elections will be held at the time set by the constitution?

[Answer] If the Phalange Party doesn't obstruct the elections, they will certainly take place at the appointed time... But the second party has laid down conditions for the advent of a new president, and these conditions apply only to Bashir al-Jumayyil who released them during his broadcast about his initiative. These conditions include the pulling out of the Deterrent Force and withdrawal of the Palestinians. These conditions are absurd and unacceptable to us. Therefore this party is obstructing the elections by pressuring the deputies to make some announcement in this month, April. It may also announce steps for a new partition of the country, something that will complicate the presidential elections.

[Question] What is the alternative if that happens?

[Answer] There are well-known constitutional alternatives, but we prefer to have a new president arrive without problems, one who might anchor a new policy in the government.

[Question] Who is your candidate for the presidency?

[Answer] I am for a president who will subscribe to the national reform program of the National Movement and progressive forces.

#### Security of the National Regions

We turn now to the security of the national regions so we ask Walid Junblat:

[Question] The latest clashes that took place in several parts of Lebanon between the parties of the National Movement now found in the arena and the Amal Movement--what is their purpose and did you decide on what is needed to maintain security?

[Answer] The purpose of the latest clashes is clear and well known. It is to make the national regions safe. The National Movement wanted complete and absolute coordination with the Deterrent Force to help in maintaining security in the western region and, as a result, the clashes took place... We will work to revise the security plan prepared by the National Movement after actual coordination is achieved between all the political forces present in the arena, including the Amal Movement.

#### Let Them Assume Their Responsibilities

[Question] How do you assess the steps already taken by the National Movement?

[Answer] We tried our utmost to achieve security, but some local authorities became upset when the National Movement backed off, regrettably, from its security measures because that was requested of them or because it was forced to back off a little. But I say let the concerned power responsible for security carry out its mission. We do not desire, nor will we ever desire, personal security, but we cannot accept what is happening in West Beirut.

Junblat the son continues to talk about security, saying: There are some security measures that the National Movement can take and have already been successful with them, e.g., preventing some encroachments, cancelling armed demonstrations and closing armed party offices, and ridding Beirut of some of the objects that make this capital ugly and dirty such as loitering, dens of hashish smoking and debauchery.

The National Movement took modest steps. There are things which neither the National Movement nor anyone else can do, like the explosions which are today a serious matter requiring a major political decision.

#### Military Confrontation

[Question] Bashir al-Jumayyil stated a little while ago that he intends to make a fateful decision. Some say he is about to announce a Phalangist state while others say he has abandoned his decision on partition. What do you think?

[Answer] I decided in principle not to reply to the representative of the Lebanese Forces and I'll leave this to the representative of the National Movement and we have many representatives. I do not believe the Phalange Party has backed off from its decision on partition. On the contrary, it continues to favor the basic partition plan supported by Israel and the United States.

Partition in Lebanon is a reality. It has foreign protection--American and Israeli--and sometimes Arab protection (as well). We will oppose this partition with all our might.

[Question] Can the National Movement confront the Phalange militarily?

[Answer] The National Movement has no alternative to continuing down the same road and using the same methods as those relied on by the "Lebanese Forces" or the Phalange. The National Movement must assure its own security by cooperating with Syria and the PLO. Otherwise, we will suffer a disaster like the 1947-1948 disaster in Palestine when the Arabs resisted the Palestinian homeland decision.

[Question] Do you expect then a military confrontation?

[Answer] I expect nothing but escalation, problems, bombs, destruction, and devastation. We will remain in a whirlpool of violence, combat, and explosions which have in fact already enveloped everyone, especially our poor fellow citizens. How I wish I could guarantee the Lebanese a Lebanese-Lebanese solution and deal with the vast social and economic problems. I cannot, therefore, reassure our fellow citizens about the future because the dangers are great and because the desired Lebanese solution will not be achieved. So the future is obscure and dangerous.

#### Relations with the PLO

[Question] How do you assess the Nationalist Lebanese-Palestinian relations?

[Answer] We regard ourselves and the resistance as a single person. From time to time we criticize ourselves in the interest of the Lebanese and Palestinian causes or in the interest of one cause. But there is no short-term solution to the Palestinian problem or to the Lebanese problem so we remain together. The alliance will continue and we will work to strengthen the relationship.

#### The Uprising

[Question] The uprising of the Arab people in the occupied territory is more than a symptom, for it will reshape the map of the region. What, in your opinion, will be the impact of the events in the West Bank on the situation in the region?

[Answer] The uprising in the West Bank and Golan Heights is one of the most important events now taking place in the Arab region and among the most

important events that have taken place since the 1973 war, but what is desired is complete and absolute support for this uprising from the Arabs and the international community before Israel takes countermeasures, before it negotiates with some of those allies called village associations, and before a disaster comparable to the 1948 disaster occurs and our patriots are expelled from the occupied territory and the West Bank continues to be governed by the Israelis and their well-known agents.

[Question] It was recently reported that the American Secretary of State Haig is to visit the region and bring with him new things. In your opinion, what are these things?

[Answer] What will Alexander Haig offer the region in the way of new things? He won't be able to offer anything unless the United States has decided on its position vis-a-vis Israel. And it will not do that either in the near or the distant future.

5214

CSO: 4404/460

LEBANON

AL-HUSS ON WHAT SARKIS SHOULD TELL REAGAN

NC301921 (Clandestine) Voice of Palestine in Arabic 1615 GMT 30 Jun 82

[Text] In his first press statement following his return to Beirut, former Prime Minister Salim al-Huss announced that if there is a U.S.-Israeli verdict to execute the Lebanese people, it must first be carried out against him and his family in the same manner that it is to be carried out against the others.

What is required of President Sarkis, he said, is to say to Reagan: You, mister, are responsible, because you can put an end to the massacre, but you aren't doing anything about it. You are more than anyone else in the world, responsible, because you alone, and no one else, can stop Israel, but you don't do so. You are responsible for every innocent soul that is being wasted, for every drop of sacred blood being shed and for every home that falls down over the head of its owner. You are responsible, because the warplane that pours lava on our heads, the artillery which destroys the buildings over our bodies and the shells which kill the people are all being sent by you.

You are responsible, because you encourage the aggressor to continue his aggression, supply him with the military and political support and stand by him in the United Nations to help him face the world.

CSO: 4400/346

LEBANON

MUFTI MEETS FRENCH ENVOY; RECEIVES FAHD CABLE

NC301328 Beirut Domestic Service in Arabic 1130 GMT 30 Jun 82

[Text] At 1000 [0800 GMT] today, His Eminence the Mufti of the Republic Al-Shaykh Hasan Khalid received at his office, in the formal legal opinion establishment, French Ambassador to Lebanon Paul Marc Henry who was accompanied by the French Embassy's first secretary. The formal legal opinion affairs director general, Dr Husayn al-Quwati, and member of the consultative council for formal legal opinion, Dr Hasan Sa'b, were present.

The meeting lasted 1 and 1/2 hours. Ambassador Henry briefed his eminence the mufti on the diplomatic moves which France is carrying out on the international level and with the states concerned with the Lebanese problem.

His eminence today received a reply cable from King Fahd ibn 'Abd al'-Aziz, the monarch of the Kingdom of Saudi Arabia. The following is the text of the cable:

We have received your eminence's cable and acquainted ourselves with its contents regarding the suffering of our Lebanese and Palestinian brothers as a result of the sinful Israeli aggression against Lebanon and regarding the killing, destruction and displacement to which they are being subjected.

As we have previously told your eminence, we stand with all our strength, heart and feelings with our brothers in their ordeal. We are exerting continuous and tireless efforts on all levels in the Arab and international domains to cease the fire, end the aggression and withdraw the aggressive Israeli forces to outside the borders.

We implore God to help us and to crown our efforts with success.

CSO: 4400/346

LEBANON

IDF DISTRIBUTES PASSES, SEARCHES OUT TERRORISTS

TA301220 Tel Aviv DAVAR in Hebrew 30 Jun 82 p 3

[Report from the north by Shim'on Weiss]

[Text] The distribution of laissez passer documents began yesterday among the residents of the Lebanese villages and towns taken by IDF forces who are seeking to leave their villages for business and work. To receive the permits, being distributed at the Israeli military headquarters in the central towns throughout Lebanon, the residents must present their Lebanese identification cards.

The step is intended to help restore life to normal. Following numerous appeals by inhabitants seeking to have departures from their villages facilitated, the commanders of the IDF assistance units agreed to approve the granting of special laissez passer documents. Yesterday, the first day these documents were distributed, long lines were formed by inhabitants seeking movement permits.

The supply of electricity to large parts of the town of Al-Nabatiyah in the central sector, was renewed yesterday. The electricity supply in other towns and villages throughout Lebanon will be renewed soon.

In the past few days, special units continued to extensively comb small villages and wilderness areas throughout Lebanon. These are the villages whose inhabitants were passive, but in order to prevent surprises and the possibility of isolated terrorists organizing in the field, comprehensive searches are being conducted in all the small villages throughout Lebanon.

CSO: 4400/346



## LEBANON

### BRIEFS

**ISRAELIS VACCINATE CATTLE**--The Israeli assistance unit in southern Lebanon this week began vaccinating cattle in all areas reached by the IDF. The work is being done in cooperation with the Agriculture Ministry. Our correspondent Hayim Hecht reports that about 50,000 head of cattle will be vaccinated. This is being done after diseases were found among the Lebanese cattle. The headquarters of the southern Lebanon command, together with the Education and Culture Ministry, has completed preparations for holding joint summer camps for children from the Galilee panhandle and children from southern Lebanon. Our correspondent reports that the children from southern Lebanon will stay as guests in northern kibbutzim and will take part in parties and trips. [Text] [TA291315 Jerusalem Domestic Service in Hebrew 0800 GMT 29 Jun 82]

**SHI'ITES RECRUITED TO AL-'AMAL**--[Report by Menahem Rahat] Yesterday a recruitment campaign was launched in southern Lebanon to enlist Shi'ite volunteers to the ranks of their military organization, Al-'Amal. Arms and uniforms have been distributed to the volunteers. The Shi'ites in the southern Lebanese villages have decided to volunteer to Al-'Amal and take action against the return of terrorists to their villages despite the fact that their fellow Al-'Amal members in west Beirut support the terrorists and have pledged to fight together with them against the IDF. The Shi'ites who are reenlisting in the Al-'Amal are presently organizing in some popular "militia" whose job will be to operate like the Israeli Civil Guard, namely to defend the Shi'ite villages from terrorists. [Text] [TA300908 Tel Aviv MA'ARIV in Hebrew 30 Jun 82 p 2]

**ISRAEL TO HELP REBUILD TYRE**--A civil defense unit will arrive in Tyre tomorrow to aid the inhabitants in reconstructing their destroyed houses and public buildings. Brig Gen David Maimon, coordinator of IDF and civilian aid in southern Lebanon, told our correspondent Gabi Zohar that hundreds of inhabitants are now returning to their houses. The terrorists had previously expelled hundreds and perhaps thousands of residents from their houses and used the buildings as headquarters, storehouses and military positions. Maimon also said there are spare, vacant beds in hospitals in southern Lebanon and that Lebanese Government officials and policemen are cooperating with aid units. [Text] [TA261629 Jerusalem Domestic Service in Hebrew 1600 GMT 26 Jun 82]

CSO: 4400/346

MOROCCO

NEED FOR IMPROVING LOCAL PRESS SUPPORTED

Rabat ALMAGHRIB in French 1 Jun 82 pp 1, 3

[Article by Abdallah Adel: "Inquiry: Should We Be Afraid of the National Press?"]

[Text] Feared by some, admired by others, the press, with the merging of all political and ideological trends, generally leaves no one indifferent. Its influence and its power, everyone acknowledges, are enormous and are, most often, not comparable with its real material capacities. Whether it is a means for political combat or a simple instrument for the dissemination of ideas or information, the press is, nowadays, an indispensable means of expression and one of the values intrinsic to any democratic society.

One of the most striking aspects of the Moroccan press is the modesty of its circulation. In a country where the authorities miss no opportunity to stress with pride "the freedom of the press in our country," there is no comparison between overall newspaper circulation and the geographic and human dimensions of the country. The reasons for this are numerous and follow, more generally, from material and political considerations.

At the political level, first of all, despite the expressions of principle of the various ministries of information which have succeeded one another since independence, we must note that the Moroccan press is perceived as "a necessary evil" rather than an institution indispensable to the democratic opening up of the country. Obligated, for that reason, most often to meet its material needs through its own resources, it is indisputably going through a precarious material situation. At the time of the revolution in data processing, the Moroccan press can with difficulty sustain comparison, on the material level, with its counterparts in the wealthy countries. This situation is obviously the source of the disaffection of a good part of the readers with regard to the national press, to which they prefer the materially better conceived press of other countries. The readership acquired in our country, in the last few years, by various publications, both from Europe and the Middle East, is there to support this analysis. It is sufficient, in this respect, to glance at the foreign publications adorning Moroccan

kiosks to measure the extent of this phenomenon, which is far from being temporary or limited to intellectuals. Foreign newspapers specializing, for example, in sports or racing touch practically all levels of our society. The relative proximity of distribution centers and the availability of rapid means of transport in the principal Moroccan cities, Casablanca and Rabat in particular, have undoubtedly greatly favored their development. Even if, sometimes, the content of these newspapers leaves something to be desired, their technical conception is, and will undoubtedly continue to be, in the coming years, one of their major assets.

Without wishing to minimize the role played by the Moroccan press in the struggle for national independence and in the political training of eminent Moroccan personalities, which it is not possible to mention here, we can affirm that the Moroccan press has not known how or wanted to make the most of all the possibilities offered to it on the national level. In a country where illiteracy is unfortunately still high, newspapers remain, without dispute, one of the most effective means of teaching people to read. Indeed, the independence generation still keeps in mind the popularity acquired at the lowest levels in the country by a number of publications which had set themselves the goal of specifically combatting illiteracy. But the experiment was not continued. The relatively diversified political range offered by Morocco has not, evidently, contributed significantly to the development of these newspapers. The relative depoliticization of a good part of the population was undoubtedly at the bottom of this situation. Besides, the democratic experiment initiated in 1977 has put sometimes difficult choices before some of the principal titles of the Moroccan press: on the one hand, their participation in the government obliges them to show governmental solidarity, and on the other, their concern to preserve their political and ideological choices and treat part of their readers with consideration, in the event they leave the government, obliges them to criticize some of its decisions.

On the material level, in contrast to the other countries of the Maghreb, where the press is governmental, the position of the authorities vis-a-vis the Moroccan press is ambiguous. These authorities have taken into account--especially since the start of the so-called Western Sahara conflict and the first diplomatic reverses encountered, in particular because of the shortages of means of information--the need for the country to have a dynamic press, able to thwart the attacks of the Algerian press which is entirely controlled by a government that does not skimp on resources, in particular, giving broad freedom of action to the technicians in this field. Very timid attempts made by the authorities toward improving the technical level of the national press remain either without a future or very limited in their effect.

This is all the more disappointing since newspapers in Morocco, in contrast to countries with advanced audiovisual facilities, are still far from encountering serious competition from television, in particular because of the mediocrity of the programs offered by the latter. The public's disaffection with regard to newspapers is thus far from having reached, in proportion, the same level as that noted in the developed countries.

Moreover, the material difficulties of the press, which are very serious, cannot be alleviated by revenues from advertising, except to a very limited extent.

In a society where commercial and industrial firms are still far from having grasped the full importance of advertising's impact on the expansion of their activities, the recourse to advertising messages in the newspapers is still very limited.

Regardless of the importance of these difficulties, they remain relatively simple, however, in relation to the basic question determining the entire future of newspapers in Morocco. This unquestionably concerns the conception formed by the governing and the governed of their mission. It is unquestionable that important changes should take place in this respect. The press should evidently be a reflection of the ongoing, dialog, frank and sincere, which should be set up between the governing and the governed. It is in the interest of the country as a whole. Nothing should prevent high officials, ministers or directors of nationalized companies, for example, following the example of the great democracies, from explaining to the public, through the press, their political, economic, cultural or social choices, within the framework of the law, while respecting, of course, the independence and the integrity of this press. We must not lose sight of the fact that most great ideas, before making their way in democratic societies and being translated into facts, had at first taken shape in the press.

It is only at this price that Moroccan newspapers will be able to find their true calling: to be an effective instrument in the service of the emancipation and education of the people.

9434

CSO: 4519/204

HIGHLIGHTS OF NEW BUDGET DISCUSSED

Riyadh AL-YAMAMAH in Arabic No 699, 28 Apr-4 May 82 pp 32-33

[Article by Usamah al-Alfi: "The New Budget Totals 313.4 Billion Riyals"]

[Text] "In the name of God, may [God's] prayers be for the Prophet of God, and may he be safe. We praise God for His blessings and the success which He has granted to us in order to enable our government to prepare this new budget which has the objective of providing growth and prosperity to our loyal nation. We hope that all government officials will cooperate in order to implement the budget so that this will serve the interests of our beloved homeland. We are grateful for the efforts undertaken by the higher officials in the Ministry of Finance and National Economy and by all of those who worked on preparing this budget. Peace be upon you, and may you have God's mercy and His blessings."

With these brief words, with all of their profound meaning and content, His Majesty King Khalid ibn 'Abd al-'Aziz presented to the citizens of his loyal nation the state budget for the fiscal year 1402/03 A.H. The budget revenue totalled 313.4 billion riyals, and the budget expenditure totalled the same amount.

This budget, with all of its figures and high aspirations, confirmed what we had already decided in the last issue of AL-YAMAMAH, and that is that the budget was something dear to the heart of His Majesty the King and in his trust. His Majesty safeguarded this trust until he presented the budget to us in its present form. This budget, through its distribution of allocations to the public facilities, utilities, and various sectors, demonstrates a scientific and logical use of capital which will serve every sector according to its actual requirements.

The fact is that Saudi Arabia's economic and developmental experiment has become the object of admiration, esteem, and study by various economic experts from different parts of the world and has become a model for what the developing countries' economies and plans for development should be. For example, the rate of growth achieved last year [in Saudi Arabia] was 10 percent at a time when the country was waging a fierce battle to complete its construction projects. In a television symposium His Excellency the Minister of Finance and National Economy, Shaykh Muhammad Aba al-Khayl, said that this is a remarkable growth rate when compared with any other of the developing nations since the growth rate in those countries usually does not exceed 5 percent.

The new budget, in addition to demonstrating a great deal of optimism, confirms the fact that Saudi Arabia is determined to plunge into the experiment of comprehensive development, to continue to be interested in developing the nation's villages and small towns, and to continue with the other priorities which have been stated on more than one occasion by Saudi Arabia's leaders and which are all aimed at pursuing a common goal--that of serving the interests of our nation and its citizens.

The thing which distinguishes this budget from all previous ones is the fact that, with its announcement, it brings the third 5-year development plan into a decisive year--that of cementing the elements of the plan, putting the final touches on its projects, and making preparations for the transition to the fourth 5-year plan. When it is finished, a comprehensive review will be made of existing programs in accordance with what was decided upon in conjunction with the third 5-year plan. Therefore it represents a link between the two plans, each one of which supplements the other.

The increase in this year's budget, which amounts to 15.4 billion riyals above last year's budget, confirms the fact that the Saudi economy has reached a remarkably advanced stage after having completed, or nearly completed, the building of all the facilities, utilities, and basic infrastructure. The budget also confirms the fact that a decrease in oil production has not, and will not, affect Saudi Arabia's development projects. The reason this is true is that the persons who mapped out our economic policy have for many years endeavored to build the Saudi economy on sound foundations which would not be affected by any mishap which might occur in the world economy. This has made Saudi Arabia safe from any dangers of this type.

This, in turn, has enabled the Saudi economy to become far better and far stronger today than it has been in the past. Perhaps one of the greatest successes achieved in this regard has been the fact that Saudi Arabia has gained control over and curbed its inflation. Last year the rate of inflation, especially if we realize that the rate of inflation 8 years ago, during the year 1395/96 A.H., was 61.4 percent. This low rate of inflation which was maintained last year represents a great economic achievement which many countries of the world, whether developing countries or advanced countries, were not able to achieve in view of the world's current economic situation. This reflects the success of the policy of guiding and controlling expenditures which has been pursued by the government and demonstrates the success of the general course being followed by our economy. Let us return to the new budget and its basic features. What is there that is new about this budget, and what can we conclude by reviewing it?

Actually the priorities in this budget do not greatly differ from the priorities of the previous budget. As we have already mentioned, the first and foremost objective of the budget is to serve the interests of our citizens and bring them prosperity. For this reason, when the new budget's allocations were decided upon, emphasis was given to continuing to stress development projects, diversification of production sectors, and concern with developing and improving the level of municipal services in the cities as well as the services provided in villages and in the rural areas.

The cost of the projects for which contracts will be concluded during the budget year totals 87.617 billion riyals. This figure, without doubt, indicates the enormity of the new projects which are scheduled to be implemented. During the coming fiscal year 19.386 billion riyals will be spent on these projects, and the remainder of the money will be spent during subsequent fiscal years.

There are also allocations for new work and new phases to be completed in conjunction with existing projects which are currently being implemented. A total of 45.557 billion riyals will be spent for these purposes. Furthermore, a total of 110.489 billion riyals has been allocated for projects which are currently actually being implemented.

How have the allocations to be spent mainly been distributed? The fact is that we could talk for a long time and go into great detail if we engaged in an analysis of the allocations made to the many sectors covered by the budget. However, we are able to briefly point out that those in charge of planning the budget have endeavored to have the amount allocated to each sector be commensurate with the project of each sector which are included in the plan, in accordance with [the budget's] expenditures and the importance of the sector. Thus it should not strike one as strange that the military sectors were allocated the largest share of the budget (92.889 billion riyals) in view of the fact that the security of the nation provides security to the nation's citizens. Also, the two sectors of communications and transport and labor force were in second and third place because communications and transport represent the artery of our nation's life and the development of our labor force is a necessity imposed upon us by the circumstances of our nation.

In fact, this is one of the principal objectives of our development planning. Concern for developing our manpower, as the minister of finance said in his interview with AL-YAMAMAH in its last issue, is of utmost priority both in our development plans and in the daily business conducted by the government. In the new budget, as was the case with previous budgets, the immediate needs of education will be taken into account and will definitely be provided for. This sector's allocations will suffer no decreases as this might perhaps occur in other sectors.

Another achievement of the new budget is the fact that loan funds will not reject any request submitted to them. This in itself constitutes an incentive for our citizens to strive to invest their capital inside the country and not resort to investing it abroad in their quest for a carefree life and easy profits--an action which means that they are neglecting their country, especially since our government has provided them with all sorts of incentives to impel them to invest inside the country, in addition to the fact that investing capital inside the country is more rewarding than investing it abroad.

The only thing left is for our citizens to play their role in translating the figures of the new budget into gains and achievements which will bring prosperity to our nation and its citizens. Wherever our citizens live, they

are called upon to get to work and roll up their sleeves in order that the objectives of the budget, and the objectives of the plans made by the government, be achieved. Our citizens must realize that serious work is the path toward translating these ambitious figures into splendid facts which will embody the hopes and aspirations of our nation. Our citizens, may God be praised, possess the awareness to enable them to realize this and to consequently work to achieve this. We are all hoping that this is what will take place.

In conclusion we would like to say that the economic achievements attained during the fiscal year which is currently coming to an end, as His Majesty Prince Fahd ibn 'Abd al-'Aziz has said, confirm the fact that our course of development and achievement of a good life will, God willing, continue along the path prescribed for it and will bring bounty and prosperity to all of our citizens.

Table 1. 1402/03 Budget Allocations According to Sector

<u>Sector</u>	<u>Allocations in millions of riyals</u>
Public administration	9,480
Military	92,889
Labor force	31,864
Social development	17,010
Communications and transport	32,533
Economic resources	22,045
Infrastructure	11,705
Municipal services	26,224
Loans	22,382
Local sectors	11,162

Table 2. 1402/03 A.H. Budget Allocations According to Sector  
(in millions of riyals)

<u>Sector</u>	<u>Administrative expenses</u>	<u>Projects</u>
<u>Manpower</u>		
Ministry of Education	9,232	4,007
Education of girls	4,966	1,772
Ministry of Higher Education	682	-
King Sa'ud University	1,438	2,372
King 'Abd al-'Aziz University	961	540
University of Petroleum and Minerals	460	354
King Faysal University	486	348
Imam Muhammad ibn Sa'ud University	721	418
Islamic University	278	104
Umm al-Qura University	408	115



Table 2. (continued)

National Science Center

National Center for Science and Technology	116	198
General Organization for Technical Education and Vocational Training	697	966

Social Development

Ministry of Health	5,132	2,672
Ministry of Information	731	851
Ministry of Labor and Social Affairs	2,149	249
Youth welfare	2,406	475

Transport and communications

Ministry of Communications	312	10,133
Ministry of Posts, Telegraphs, and Telecommunications	1,405	5,731
Civil aviation	438	10,134
General Port Organization	969	1,925
General Railroad Organization	15	805

Resources

Ministry of Agriculture	992	2,500
General Water Desalinization Organization	65	7,750
Ministry of Petroleum and Mineral Resources	483	1,015
Ministry of Industry and Electricity	145	2,798
General Crop Silos Organization	91	1,513

Infrastructure

Ministry of Public Works and Housing	175	3,927
Royal Commission for Jubayl and Yanbu'	95	7,000

Municipal services

Municipalities and village cooperative centers	3,776	18,011
Water and sewage departments	404	4,033

9468

CSO: 4404/473

AL-DAMMAM PORT: SERVICES, FACILITIES

Riyadh AL-RIYADH in Arabic 25 May 82 p 4

[Article by Hamad al-'Askar and Yahya Abu Raddas: "45 Piers Receive Ships From All Over the World; Most Modern Equipment Used for Loading and Unloading"]

[Text] The King 'Abd al-'Aziz port in Dammam is considered the principal gateway to the East coast, through which incoming ships from various parts of the world pass, and dealing with the Eastern and Central Provinces. This port with its capacity and modern equipment is considered a vital facility making a major contribution to the growth and development of the kingdom's economies.

By virtue of its strategic location, this port has a major role in servicing industry in the province and in the development and boosting of the principal cities in the Eastern and Central Provinces.

The port is equipped in such a way as to make it in harmony with the commercial and developmental progress. It has more than 45 piers, and in addition, it has the most modern equipment for use in loading and unloading operations from and to the ships, by means of the modern RORO equipment that moves along the pier. In addition, "cars" enter to carry and unload goods, in order to ensure the completion of all the work in a minimum amount of time. The Ports Authority built a dry dock, which can accommodate a very large quantity of goods, from which they are transported directly to Riyadh via railroad, and the customs process is done there. The King 'Abd al-'Aziz port in the Eastern Province is connected to a large number of the kingdom's cities by railroad and highways, including al-Khobar, al-Hufuf, Abqayq, al-Ahsa' and the industrial complex at al-Jubayl, in addition to Riyadh where the dry port is.

The King 'Abd al-'Aziz port is composed of the eastern port (the eastern basin) of two sides, the first is 1,740 meters and the second is 2,464 meters. Both together have 22 piers. Moreover, the two sides of the western port (the western basin) are some 540 meters long and together have 20 piers, with each pier accommodating a ship of the ocean liner size. To the southeast of the harbor, there is a port for small naval units and barge traffic. It has a long pier of some 1,630 meters.

Some years ago, the kingdom's ports passed through a space crunch, as a result of the influx of goods being imported into the kingdom from all over the world. As a result of a wise policy, the space crunch was broken within 1 year of the start of the crisis. That was done by halting the danger of increased economic inflation during a modest period of the kingdom's second development plan.

#### Storage Areas for Overland Goods

At King 'Abd al-'Aziz port, very large storage areas have been provided for goods that come to the port overland; these areas are called overland customs. In addition to the area for sorting goods, the customs area includes 14 warehouses, with an area of 22,000 square meters.

Moreover, there is an area for containers and roll-on goods, since the containerized system is considered one of the most important inventions in the land transport industry. The King 'Abd al-'Aziz port administration has provided excellent and highly efficient equipment. Two container stations have been built, one on the eastern side and the other on the western part.

#### The Eastern Container Station

Built in 1977, the eastern container station is located on a pier of the eastern quarter. It is equipped with several mobile cranes of the "Karb" type, with each having a capacity of 35 tons to a height of 33 meters. Behind this is an asphalted storage area, which is considered necessary for containerized activities, because they limit the movement of containers in other ports where the size of this area is about 222,000 square meters.

Expansion and diversification of this area is possible, due to the modern equipment, such as fork lifts and trailers to facilitate movement for transportation on the trailers required by commercial activity.

There is a special pier for RORO goods at the end of the northern pier.

#### Western Container Station

This station is located on piers 23 to 25, where resources have been provided. The paved area for these piers totals 250,000 square meters for storage and inspection of containers, by an excellent and easy system.

Moreover, the station is equipped with four mobile cranes, each with a capacity of 40 tons to a height of 32 meters. There are 15 other mobile cranes to assist in the operations, in addition to heavy fork lifts and trailers to move the containers from place to place. The pier is equipped with a raised platform for unloading RORO goods at the north end of pier 23. To expand this station, the paving of the pier area from numbers 26 to 28 has been considered, with specifications applicable for the needs of containerized work. A railroad line has been provided to move the cranes, in order to meet any increase in future containerized movements.

### Other Facilities for RORO Goods

A platform has been allocated for RORO goods on pier 14. This is only used for miscellaneous goods. Furthermore, piers 35 and 36 have platforms for RORO goods, along with a storage area.

### Grain Silos

Pier 1 has been set aside for grain silos and flour mills. It is equipped with two moveable towers to unload the loose grain, with a capacity of 480 tons per hour. There are tanks to store the grain with a capacity of 80,000 tons, as well as flour mills with a capacity of 540 tons daily.

### Cement Station

Pier 21 in the eastern part of the port is used to unload loose cement into a ship that is permanently moored to the pier, as a cement storage facility. It unloads into incoming ships, and from this ship to cement silos on the pier. This ship's capacity is 21,000 tons. The Saudi Cement Company supervises the unloading and shipping operations.

In the western port, unloading and shipping operations are done like those in the eastern port, along with another process to unload loose cement, which consists of a storage ship on pier 36, which offloads onto other ships by means of pumping through air hoses to avoid cement dust during the unloading process. There is a total of 3,000 to 4,000 tons unloaded daily in these two stations.

### Barge Port Facilities

The small port for barges is located south east of the port. It was built to receive small ships and other maritime lighters, such as barges, etc. It has a depth in the eastern part of 6 meters, while the western part is 4.5 meters. Its pier is 1,600 meters long. There is also a place to service small maritime barges in the western harbor south of the RORO platform on pier 35, where the depth is 6 meters and its pier is 150 meters long.

### Empty Container Station

The Ports Authority has provided the international King 'Abd al-'Aziz port with an advanced station to receive containers in a land storage area suitable for the volume of empty containers, in view of its connection with the rail-road lines.

A storage area of 300,000 square meters was provided for this operation for empty containers. It can accommodate 2,000 containers. This area can be used by shipping agents and maritime firms. It can also be expanded, should the need arise.

## Facilities for Goods

In the past, unloading in the ports was done by local private firms, which resulted in various methods of unloading, storage and extraction. Today, this has changed, since three principal unloading firms deal with the goods in three stages, unloading, storage and removal in all areas of the port, including the areas of general goods.

There is direct supervision by the port administration over the work of these specialized firms. The port administration has noted an increase as a result of this method, since the amount of goods unloaded amounts to 1,200 tons per pier daily. The debarkation process is used at sea when the need arises.

## Training in the Port of Dammam

The Ports Authority has a training center in the port, equipped with the most modern equipment and staffed by efficient teachers. This center opened at the beginning of 1975, and the center has a curriculum of administration and technical sciences.

## Port Services

The services offered by the King 'Abd al-'Aziz port to international mariners include: ships enter directly to a pier without any delay worth mentioning, container stations operated by experts and with the most modern equipment, two stations to unload loose cement by the most efficient means, workers who are specialized in unloading goods, unified equipment to handle goods, so that a minimum amount of time is used, the availability of all kinds of spare parts and 24-hour, 7 day a week continuous work.

## Development and Future of the Port

The Ports Authority recently undertook sweeping improvements in the port, including increasing the number of piers, constructing new warehouses, establishing docks for small boat repairs, and establishing an anti-pollution center, since the port of Dammam is becoming the main center for Gulf waters.

The center will be provided with the most modern equipment to prevent pollution, and is equipped with the materials required for that.

The port of Dammam has modern and advanced equipment. Moreover, the port is planning to establish a container station that will have more than one mission, a control tower, and a bridge complex for automobile traffic from the port to neighboring cities. Moreover, construction of a refrigerated warehouse and a laboratory for merchandise quality control is now underway.

The plan also includes increasing the number of piers to 54 for anticipated future needs during the next 20 years.

## Port Uses Computer

The King 'Abd al-'Aziz port administration has installed a computer system for complex statistical operations. The basis of the system is management information. A main computer network connects Dammam with the rest of the Kingdom's ports and with the headquarters of the Ports Authority in Riyadh.

On the other hand, work is now underway to complete a computer system to regulate ships' arrival dates to the ports, to ensure that overcrowding in the ports does not happen again. In addition, computers are used for other purposes, such as statistics, locating merchandise, information, the system of merchandise control, control and management of storage, and salary and budget accounting and management.

## Special Piers for Fishermen

The Ports Authority built a special pier for the fishing company. It was set aside to receive fishing ships and boats. Special fish warehouses will be built, with large cold-storage plants to store fish, in addition, to other facilities that the fishing company decided to build on their pier at the King 'Abd al-'Aziz port in Dammam.

## Housing Within the Port

A large number of houses have been constructed in the port as residences for families and single persons. These houses are furnished with all public utilities, including telephones, television networks, sewage, children's play areas, athletic fields, and swimming pools. Additionally, a housing allowance is paid to employees who live in cities close to the port, such as al-Dammam and al-Khobar. A transportation allowance is offered, or means of transportation from home to and from work is provided.

In addition, there is a recreation center for employees and a water network to supply their residential quarters.

## Facilities and Service for Ships

The port offers full repair services for commercial ships, including radio and radar equipment, sounding indicators, navigational instruments, compasses and all electronic instruments. Moreover, a 2,000 line telephone exchange has been installed, and during the next 6 months, work will be completed to enable ships moored at the piers to receive telephone services.

## Imported Goods

The King 'Abd al-'Aziz port will receive an average of up to 15 large ships per day from Japan, Southeast Asia, Northern Europe, the Mediterranean, the United States and Canada, Australia and New Zealand, Central and South America and East Africa.

7005

CSO: 4404/517

## PFLP OFFICIAL PRAISES SYRIAN FORCES, POLICY

JN272140 Damascus Domestic Service in Arabic 1915 GMT 27 Jun 82

[Text] Abu 'Ali Mustafa, deputy secretary general of the PFLP, hailed the courageous officers and men of the Syrian Army, the joint Palestinian-Lebanese forces and the Amal Movement Fighters who heroically confronted the Zionist forces of invasion in Lebanon and offered great sacrifices in defense of the Palestinian revolution, the Lebanese people and the Arab nation. Abu 'Ali praised Syria's role in confronting the Israeli invasion saying that Syria's role was clear and could be seen on the battlefield and during the fighting from the beginning of the invasion. The Syrian Army offered many sacrifices and staged great battles in Lebanon, is still fighting alongside its Palestinian and Lebanese brothers against the savage Zionist invasion and is valiantly shouldering its responsibilities. Abu 'Ali added that the Syrian leadership continues to bear its full responsibilities in the military and political confrontation of the Zionist invasion in order to foil its aims.

At a press conference in Damascus today, Abu 'Ali Mustafa said that imperialism is a full-fledged partner in this invasion both in planning and implementation. It may be said also that imperialism was the brains behind this invasion. He denounced the reactionary Arab regimes which connive with the invasion and its aims. He hailed the united confrontation of the trinity of steadfastness [Syria, Palestinian revolution and Lebanese nationalist movement] whose effects are now clear not only inside the Zionist entity but also in the U.S. Administration.

Concluding his press conference, Abu 'Ali asserted that there will not be any political concessions under any circumstances and there will not be any compromise over the right of the Palestinians to wage armed struggle from the Lebanese territory and all the Arab territories. He said that the PLO will remain the sole legitimate representative of the Palestinian people; that no discussions or negotiations will be held on the forms and arrangements concerning the PLO presence in Lebanon except with the Lebanese nationalists and after the complete and unconditional withdrawal of the Zionist forces from the Lebanese territory; and that the Zionist occupation forces will not be allowed to settle in Lebanon.

CSO: 4400/346

## SYRIA

### BRIEFS

SYRIAN FORCES ON IRAQI-JORDANIAN BORDER--Paris, 1 Jul (MENA)--Informed Arab sources said that two fully-equipped Syrian divisions have been stationed near the Iraqi-Jordanian borders for a month despite Syria's need to use these forces to reinforce the defense of the Damascus approach from the western Al-Biqa' and the Golan. Citing Arab press reports, AL-'ARABI magazine says today that the Syrian leadership has completed withdrawing the rest of its forces from the Lebanese area of Tyre. It stressed that the rest of the Syrian forces in Beirut, which numbered less than 1,000 soldiers, have been withdrawn forever from west Beirut after mediations have ensured their departure via Juniyah to the north in order to join the Syrian garrison in Tripoli. [Text] [JN011237 Cairo MENA in Arabic 1145 GMT 1 Jul 82]

CSO: 4400/346



## STATUS OF DOMESTIC OPPOSITION EXAMINED

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 258, 12-18 Apr 82 p 31

[Article by Rashid Khashana: "Ben Salah Returns After an 'Absence' of 9 Years"]

[Text] What's new in Tunis recently is return of Ahmed Ben Salah, former Minister of Planning and Economy and leader of the Popular Unity Movement [MUP] based in exile abroad since 1973 after his escape from prison. This return conveys an impression of the domestic opposition over time, and of the political weight of the exiled leader and his past. He is unequalled among leaders of the official opposition, except for a politician of the stature of Ahmed Mestiri.

Ben Salah is the last remaining well-known opposition figure with an opposition movement abroad that was not included in the pardon that released many political prisoners and exiles in the summer of 1980. Since the return of Habib Achour to head the syndicalist union, the removal of restrictions on Muhammed al-Masmudi, the former foreign minister, and the return of most exiles, only Ben Salah remained in opposition abroad.

The reason for this exclusion is that the movement led by Ben Salah demanded deeper and more radical changes than the "opening-up" program announced by President Mohammed Mzali. The opposition's left-wing considered the program inadequate and partial.

Recently the demand for a general pardon has grown. Certain representatives took the campaign to the Parliament and opposed the selective pardons law presented by the government. They proposed an alternative program that provides for a general pardon. Representatives from the syndicalist union in Parliament helped in the preparation of this project, as did some Parliamentary representatives of the ruling party. So far more than 40 representatives have passed the program. It will soon be presented to the Council.

It was this political climate that contributed the authorities' acquiescence to the return of Ben Salah, as part of the opening-up policy. This was after Mzali asserted that Ben Salah must settle his account with the courts before returning to active politics, referring to the judgements issued against him in three successive trials. The first was in 1970 in which Ben Salah was

accused of high treason. The second was in absentia in 1973 in which he was accused of forming an opposition political party, the MUP established in exile in 1973.

It was this political climate which helped relieve the tension between the authorities and the opposition in exile. So did the important role played by the European Socialist Movement, whose leaders befriended and protected Ben Salah. These included Austrian Chancellor Bruno Kreisky and Willy Brandt. They were important in convincing the government of the necessity of the return of Ben Salah and of allowing him to practice his political activities inside Tunisia, including his journalistic activities.

Informed sources assert that President Bourguiba himself agreed to the return of Ben Salah, reconsidered his status, and granted him his political rights.

Did He Agree to a Dialogue?

The question being raised in political circles is whether Ben Salah changed his position and agreed to a dialogue with the regime, or was the regime the one who changed?

It is clear that many changes in the domestic political situation contributed to the rapprochement between the exiled minister and the regime. Among them are: the restoration of the strength of the unions and its former weight in political life, and the movement for general amnesty that was taken up by the entire opposition, independent newspapers, and political circles.

For these reasons, Ben Salah was ready for his return, according to the interviews he gave to the newspapers. Whereas he was harsh in his judgement of the reign of Nuera, he was less critical and opposed to Mzali's rule. Indeed, he even considered the latter to represent a positive step towards change. More importantly, Ben Salah expressed his satisfaction with the impressive developments in official attitudes towards the experiment of cooperatives which he himself adopted in the sixties. These developments represent genuine change and the directive guidelines that laid the ground for the sixth economic plan (1978-82) led to a re-evaluation of Ben Salah's policy. The latter is now considered an important stage in the basic construction and development that was so needed for the country. Similarly, the current Minister of Planning and Finance, Mansur Ma'la, who was one of Ben Salah's prominent assistants in the sixties and who supervised the current economic plan, does not hesitate to sing the praises of his experiences in the sixties.

Ben Salah himself did much to remove the estrangement between himself and the regime by announcing more than a month ago his acceptance of the principle of limited democracy launched by the ruling party in its last conference of 29-30 April 1981. Ben Salah affirmed his desire to achieve a common platform among all of the opposition movements in order to overcome their current fragmentation. It is an idea not too far removed from the "National Charter" plan proposed by the ruling Constitutionalist party to the opposition parties.

## Towards Agreement or Fragmentation?

But this rapprochement between the regime and the "strong-man of the sixties" will shroud the opposition in silence also. The idea circulating locally in Tunis is that Ben Salah's stature will overshadow Ahmed Mestiri, General Secretary of the Social Democrats Movement. It will also have an effect on the dispute between the two wings of the Popular Unity Movement, which has been divided among itself since January 1980, and demands the restoration of unity to the movement, after these developments, from fragmentation and divisiveness to consensus and solidarity? Will it be the one to benefit rather than the regime? Or will the latter succeed in splitting the movement, so that the movement simply spins in place, unable to undertake common initiatives, except for achieving blanket amnesty (which gathered all factions around the movement), or for obtaining legal recognition of all parties, its number one preoccupation?

9945

CSO: 4504/284

END